

Kib H. Warren, Shawnee.
John R. Redwine, Jr., Spiro.
John C. Bennett, Tishomingo.
Harry James Barclay, Tonkawa.
Tom L. Pike, Weleetka.

OREGON

Robert H. Fox, Bend.
May B. Johnson, Madras.
William J. McLean, Kerby.
Ernel H. Hosley, Chiloquin.

PENNSYLVANIA

Daniel J. McDonough, Ardmore.
James P. Bryan, Beaver.
Daniel E. Hartman, Benton.
Lewis M. Sutton, Camp Hill.
Francis P. Kelly, Carbondale.
Martin A. King, Clarks Summit.
Grace Brubaker, Claysburg.
Amy A. Short, Conway.
Beulah E. Hayden, Dalton.
Ethel G. Davis, Duncansville.
Laura E. Rich, Enola.
Dominick Franceski, Forest City.
Glenn C. Meyers, Gardners.
William L. Nolder, Grampian.
Raymond R. Kinsinger, Halifax.
Walter C. Blessing, Hellam.
Thomas H. Black, Hershey.
Harry A. McIntosh, Hollidaysburg.
John L. Clover, Knox.
Stephen F. Payer, McAdoo.
Robert O. Lamborn, Madera.
Helen T. Henrie, Meshoppen.
Emery C. Mahaffey, Mahaffey.
John C. Tritch, Middletown.
Elmer G. Corter, Mill Hall.
John M. Langan, Moscow.
William J. Burke, Mount Carmel.
James W. Hatch, North Girard.
John H. Snyder, Richfield.
Robert E. Spancake, Ringtown.
Paul A. Martin, Roaring Spring.
Joseph F. Conrad, Scranton.
James D. Creary, Shenandoah.
Robert D. Fister, Shillington.
John E. Blair, Shippensburg.
Otis C. Quimby, Springboro.
Harold I. Haines, Thompsonstown.
Olive W. Aucker, Tionesta.
Rosanna McGee, Towanda.
John D. Cox, Tyrone.
Fred A. Entrot, Union Dale.
Joseph P. Caufield, Verona.
Hazel B. Davis, Westfield.
J. Richard Hancock, Williamstown.
Charles M. Boyer, York Springs.
Frank A. Crippen, Youngsville.

RHODE ISLAND

Winfred C. Kingsley, Wickford.

TENNESSEE

Donald B. Todd, Etowah.
Joseph M. Dedman, Columbia.
Harry M. Calloway, Lenoir City.
William Gupton, Nashville.
Katherine P. Hale, Rogersville.

TEXAS

Martin N. Guest, Aspermont.
S. Scott Pegues, Crystal City.
Fred E. Horton, Greenville.

Jessie L. Kay, Lytle.
Jack V. Gray, Rotan.
Frederick I. Massengill, Terrell.

VERMONT

Mary A. Keleher, Bethel.
William T. Johnson, Hardwick.
John E. Stewart, Morrisville.
Alson Leon Esty, Richford.
John J. Cain, Orwell.
Waldo K. Powers, Vergennes.
Mabel R. Turner, Rupert.
Irving E. Bronson, Swanton.
Ruth A. Randall, Wells River.

VIRGINIA

Franklin O. Caffrey, Bumpass.
William H. Smith, Jr., Charlotte Court House.
Lena S. Perkins, Cedar Bluffs.
Robert W. Ervin, Dante.
Beveridge B. Cox, Gate City.
James G. Albert, Honaker.
John L. Sibold, Pembroke.
John W. Wright, Roanoke.
Joseph S. Rasnick, St. Paul.
Alice H. Tyler, Warsaw.
William A. Miller, Washington.

REJECTIONS

Executive nominations rejected by the Senate June 13 (legislative day of June 7) 1938

POSTMASTERS

PENNSYLVANIA

Arthur B. Clark to be postmaster at Altoona, in the State of Pennsylvania.
James F. Boran to be postmaster at Minersville, in the State of Pennsylvania.
Harry H. Schalcher to be postmaster at Newton Square, in the State of Pennsylvania.
Nevin L. Wuchter to be postmaster at Orwigsburg, in the State of Pennsylvania.
James H. Rattigan to be postmaster at Pottsville, in the State of Pennsylvania.
James K. Bell to be postmaster at Warren, in the State of Pennsylvania.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 13, 1938

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Christ of Judah, O Christ of God, let Thy name prevail from age to age. May praise and gratitude to Thee wait in all hearts. May we be blest in the folds of divine companionship and in the fellowship of man, thus we become related to the precious things of life. Give us the farsight of the soul that sees through all shadows and the ears that hear through all discords the clear note of the coming day. Bless us all with bigness of life and with richness of soul; hold us each day in the fold-clasp of the Good Shepherd. Almighty God, to Thee we pray, to Thee we cry: This ageless world seems to be rocking upon its very foundations. It seems to be breaking away from God and becoming dehumanized in the hell of hate and war. On bended knee we beseech Thee to stop the ravages and the slaughter of undeclared war, and Thine shall be the praise. In the name of our Elder Brother. Amen.

The Journal of the proceedings of Saturday, June 11, 1938, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 10, 1938:

H. R. 9996. An act to authorize the registration of certain collective trade-marks;

H. J. Res. 667. Joint resolution to authorize an appropriation to aid in defraying the expenses of the observance of the seventy-fifth anniversary of the Battles of Chickamauga, Ga.; Lookout Mountain, Tenn.; and Missionary Ridge, Tenn.; and commemorate the one hundredth anniversary of the removal from Tennessee of the Cherokee Indians, at Chattanooga, Tenn., and at Chickamauga, Ga., from September 18 to 24, 1938, inclusive, and for other purposes; and

H. J. Res. 582. Joint resolution supplementing and amending the act for the incorporation of Washington College of Law, organized under and by virtue of a certificate of incorporation pursuant to class 1, chapter 18, of the Revised Statutes of the United States relating to the District of Columbia.

On June 11, 1938:

H. R. 10643. An act to amend the act of August 9, 1935 (Public, No. 259, 74th Cong., 1st sess.);

H. J. Res. 658. Joint resolution for the designation of a street or avenue to be known as "Maine Avenue"; and

H. J. Res. 672. Joint resolution for the designation of a street to be known as "Oregon Avenue," and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. St. Claire, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 308. Joint resolution to prescribe the acreage allotments for wheat for 1939.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate Nos. 101, 107, and 113 to the bill (H. R. 10238) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1939, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3845) entitled "An act to create a Civil Aeronautics Authority, and to promote the development and safety and to provide for the regulation of civil aeronautics."

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10594. An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve.

The message also announced that the Senate insists upon the amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. WALSH, Mr. GERRY, and Mr. JOHNSON of California to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10315) entitled "An act to amend the Merchant Marine Act, 1936, to further promote the merchant-marine policy therein declared, and for other purposes."

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask that the Speaker or the majority leader, as far as they are able, give us some information about the program that will be followed today?

The SPEAKER. The Chair will ask the gentleman from Texas [Mr. RAYBURN] to reply to that inquiry.

Mr. RAYBURN. Mr. Speaker, the program from now on has been handed to the Speaker. Of course, today is District day. How much time the committee will take I do not know. Then Mr. BLAND's committee has a conference report.

Mr. SNELL. A conference report from Mr. BLAND's committee?

Mr. RAYBURN. Yes.

Mr. BLAND. On H. R. 7158.

Mr. RAYBURN. I think it is also the intention to recognize the gentleman from Ohio [Mr. CROSSER] to suspend the rules on the railroad retirement bill. Then what other conference reports are on the Speaker's table I do not know.

Mr. MAPES. May I ask, will the conference report on the food and drug bill be brought up today?

Mr. RAYBURN. There will be a conference report on the stream-pollution bill. If possible, we may get to the food and drug bill. Then there is a conference report on a bill which comes from the Ways and Means Committee, although I do not know which one that is.

Mr. SNELL. That is in connection with the administration of customs.

Mr. RAYBURN. That is as far as I can go. There are some special rules, seven in number.

Mr. SNELL. Later in the day will the gentleman from Texas give us the order in which they will be called?

Mr. RAYBURN. I can give you the order in which the rules will be called now.

The first will be House Resolution 523, pertaining to rotary planes; Resolution 92, radio investigation; Resolution 498, merchant marine inquiry; Resolution 522, the Camp Springs airport bill; Resolution 524, Mexican claims, which is a Senate bill; Resolution 526, the institution of fine arts.

I understand from the chairman of the Rules Committee a rule was reported this morning on a bill by the gentleman from West Virginia [Mr. RAMSAY], having to do with assumption of risks.

Mr. O'MALLEY. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is it intended to bring up the resolution for the creation of a bureau of fine arts today?

Mr. RAYBURN. Not today. I do not think it can be reached, because that is the sixth rule reported.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to print in the RECORD an address I delivered over station WIRE, of Indianapolis, Ind.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a resolution by the Allied Veterans' Committee pertaining to hospitalization at Jefferson Barracks, St. Louis County, Mo.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PACE. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PACE. Mr. Speaker, the farm legislation enacted at this session of Congress has not solved our agricultural problems and will not bring the early relief to which the 30,000,000 farmers of this Nation are entitled. I am greatly disturbed about the conditions facing our farm population, particularly in the South, and I wish to call to the attention of the Members

of the House the absolute necessity of adopting before we adjourn that provision in the so-called recovery or pump-priming bill which appropriates \$212,000,000 to be applied toward the payment of parity prices for farm commodities.

While this recovery bill was pending in the House we were unable to get the committee to include any money for the direct benefit of the farmers, and nearly all of the billions carried in that bill are for the special benefit of those who live in the cities and great industrial centers. The bill included \$1,250,000,000 for W. P. A. for 7 months, \$75,000,000 for N. Y. A., \$175,000,000 for the Farm Security Administration for loans and rehabilitation, \$965,000,000 for W. P. A. projects, \$130,000,000 for public buildings, \$100,000,000 for rural electrification, and \$300,000,000 additional for housing or city slum clearance.

But when that bill was under consideration in the Senate, the junior Senator from Georgia, Hon. RICHARD B. RUSSELL, Jr., proposed and succeeded in having adopted the following amendment:

There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to be available until expended, the sum of \$212,000,000 to enable the Secretary of Agriculture to make price-adjustment payments to producers of wheat, cotton, corn in the commercial corn-producing area, the kinds of tobacco for which farm-acreage allotments were established under the 1938 agricultural conservation program, and rice upon the normal yield of the farm-acreage allotment established for the commodity under the 1939 agricultural conservation program. Such payments shall not be made with respect to any farm on which the acreage planted to the commodity for harvest in 1939 exceeds the farm-acreage allotment for the commodity established under said 1939 agricultural conservation program. The rates of such payments shall not be less than 10 cents per bushel in the case of wheat, 2 cents per pound in the case of lint cotton, 5 cents per bushel in the case of corn, 1 cent per pound in the case of any of the foregoing kinds of tobacco, and one-fifth cent per pound in the case of rough rice: *Provided*, That if a smaller rate shall be sufficient to bring the average farm price for any commodity to 75 percent of the parity price, the payments with respect to such commodity shall be made at such smaller rate. If funds should remain after payments were made at the foregoing rates, said rates of payment may be increased. Any increases in such rates shall be made so as to bring the average return to producers from each commodity, including the payment hereunder, as nearly as may be possible to a uniform percentage, not in excess of 75 percent of the parity price.

This amendment will probably come to us for consideration within the next few hours and I hope it will receive your approval. I know it will receive your sympathetic consideration if you fully understand the conditions existing in our great farming sections today.

In the new farm bill which was enacted during the first part of the present session of Congress, and which was approved by the President on February 16, a specific promise was made to the farmers that we would undertake to secure parity prices for them. Section 303 of that act provides as follows:

If and when appropriations are made therefor, the Secretary is authorized and directed to make payments to producers of corn, wheat, cotton, rice, or tobacco, on their normal production of such commodities in amounts which, together with the proceeds thereof, will provide a return to such producers which is as nearly equal to parity price as the funds so made available will permit. All funds available for such payments with respect to these commodities shall, unless otherwise provided by law, be apportioned to these commodities in proportion to the amount by which each fails to reach the parity income. Such payments shall be in addition to and not in substitution for any other payments authorized by law.

You understand, I presume, that parity, as applied to prices for agricultural commodities, is defined to be the price which will give to the commodity the purchasing power with respect to articles that farmers buy equal to the purchasing power which such commodity had during the period from August 1909 to July 1914. It was during those years that the prices which the farmer received for his products and the prices which he had to pay for manufactured articles and necessities were on a fair or equal basis. As it is now, the prices of the farmers' products have gone down while the prices of the things he must buy have gone up

and therefore they are not on a fair basis or parity. In the May report of the Bureau of Agricultural Economics, it is shown that the parity prices of certain farm commodities were as follows:

	Cents
Cotton-----	16.1
Corn-----	83.5
Wheat-----	114.9
Peanuts-----	6.2

That means that, as compared with the things he has to buy, the farmer should today be receiving 16.1 cents for his cotton, 83.5 cents for his corn, \$1.15 for his wheat, and \$125 per ton for his peanuts, while he is actually receiving only about one-half of those prices.

It is only through Government assistance that the cotton farmer can hope to receive anything like a parity price for his cotton during the next 2 or 3 years. The report on the cotton situation by the Department of Agriculture on April 26 shows that the domestic consumption of cotton during the current season will be from 1,750,000 to 2,125,000 bales less than the consumption of 1936-37; that the consumption in February of this year was 20 percent less than in February last year, and this March was 9 percent less than last March. About the same situation exists abroad. From August through March our exports of cotton to Japan were only about one-third as large as during the first 8 months of 1936-37. Consumption of all kinds of cotton in foreign countries is running about 8 percent less than a year ago. Yet we had the greatest production of cotton last year ever known, producing 18,746,000 bales in the United States and 20,054,000 bales in other countries, a total of nearly 40,000,000 bales.

The Department now estimates that on August 1, when we start gathering another cotton crop, we will then have on hand in this country at least 13,000,000 bales, or more than a year's supply for domestic consumption and export, and that the carry-over of foreign cotton will be at least 10,000,000 bales. This will be a total carry-over on August 1 of 23,000,000 bales and will be 10,000,000 bales more than was on hand on August 1, 1937. These are not cheerful facts and figures and offer no hope for a rise in the price of cotton for several years to come.

Only through Government cooperation can our peanut producers hope to realize parity price for their peanuts; this cooperation to be either in the form of financial assistance or through protection against foreign imports. The price of peanuts is not controlled or influenced in the least by the nut itself or its edible value, but is governed entirely by the rise and fall in the price of fats and oils; that is, peanuts have no market of their own and the peanut producer is entirely dependent on the oil market. If we would substantially reduce or prohibit the importation of foreign oils, it would be immediately reflected in a better price for the peanut producers of this Nation.

When the farmer produces a bale of cotton he also produces 1,000 pounds of cottonseed, which he sells to the mills to be processed into cottonseed oil and meal. During the past season the farmer has received about \$10 per 1,000 pounds for these cottonseed, due to the enormous supply of domestic and foreign oils. While we have no control over the production of cotton in foreign countries, we can control and prohibit these foreign producers from shipping their cottonseed oil into this country in competition with our own farmers. If the tariff on these foreign oils is raised to where they cannot enter this country, it will mean a much better price to the cotton farmer for his cottonseed and in part help him bear the loss he must take on his cotton, as the present price of cotton does not pay the cost of production.

The following report from the Department of Commerce on April 30 shows the enormous quantities of foreign fats and oils imported into this country during the first 3 months of this year and gives you some idea of what the American farmer is up against:

Fats and oils imported for consumption, quarter ending Mar. 31, 1938

[The quantities entered for warehouse and not yet withdrawn are not included]

KIND AND POUNDS	
Animal oils and fats, edible.....	885,370
Tallow, inedible.....	350,841
Wool grease.....	565,333
Whale oil.....	3,100,425
Cod oil.....	5,655,990
Cod-liver oil.....	130,898
Other fish oil.....	146,325
Stearic acid.....	7,056,038
Cottonseed oil, crude.....	38,818
Cottonseed oil, refined.....	7,372,000
Corn oil.....	5,840,565
Peanut oil.....	183,166
Palm-kernel oil.....	60,603
Olive oil, edible.....	20,763,021
Olive oil, sulphured.....	1,372,738
Olive oil, other inedible.....	851,974
Tung oil.....	28,046,191
Coconut oil.....	92,208,124
Palm oil.....	75,376,103
Soybean oil.....	2,015,440
Rapeseed (colza) oil.....	2,390,115
Linseed oil.....	50,095
Perilla oil.....	8,421,173
Teaseed oil.....	291,728
Oiticica oil.....	306,720
Sesame oil.....	342,255
Other vegetable oils.....	5,019,683
Fatty acids, vegetable.....	1,074,610
Carnauba wax.....	4,983,405
Other vegetable wax.....	793,459
Vegetable tallow.....	67,200
Glycerin, crude.....	1,852,477
Glycerin, refined.....	666,243
Grease and oils, n. e. s.....	\$574

There should be more to the farm program than just reduction in the number of acres which a farmer can plant. We would not need so much reduction in production if we gave the American farmer better protection from foreign competition. How can the American farmer improve his standard of living and increase his purchasing power when he must sell his products in an open and unprotected market and in competition with the cheap labor in the other parts of the world?

While my main personal interest is in those farmers who produce cotton, corn, peanuts, and tobacco, which are the principal cash crops in my section, at the same time I want to be of all help I can to the wheat producers, and a report received today indicates that they will soon be facing a critical situation. This report forecasts a wheat crop of over 1,000,000,000 bushels to be added to the surplus already on hand of 200,000,000 bushels. This would be the largest wheat crop in American history, and with the expected consumption of only about 700,000,000 bushels will create a surplus in wheat of 500,000,000 bushels. So we are facing the greatest surplus ever known for both cotton and wheat. To move these surpluses out of storage and into the hands of the millions of our population who are today without sufficient food and without sufficient clothing is the great problem confronting us at this time along with that of saving our farmers from bankruptcy.

Since this parity payment appropriation was passed in the Senate I have heard some objection to our appropriating any more money for the benefit of the cotton farmers of the South. I am sure this objection could be made only by those who have not investigated the situation and do not understand conditions among our farm population and do not realize how the money which has been appropriated in the past has been distributed among the different States. Let us look at the figures for a minute. I have here a statement showing a summary of the rental and benefit payments through June 30, 1937, as follows:

Summary statement of rental and benefit payments through June 30, 1937

[U. S. Department of Agriculture, Agricultural Adjustment Administration, Records and Accounts Section]

State	Total	Farm population on Jan. 1, 1935
Alabama.....	\$31,647,289.93	1,386,074
Arizona.....	2,374,317.43	100,083
Arkansas.....	37,415,288.56	1,180,238
California.....	16,835,225.09	608,838
Colorado.....	20,273,783.12	276,198
Connecticut.....	2,632,238.41	143,157
Delaware.....	547,769.84	48,558
Florida.....	3,430,547.70	319,658
Georgia.....	32,549,811.89	1,405,944
Hawaii.....	13,323,861.57	
Idaho.....	16,169,140.70	198,983
Illinois.....	71,413,115.94	1,017,650
Indiana.....	43,976,176.72	852,994
Iowa.....	114,794,863.34	967,979
Kansas.....	120,480,900.12	703,743
Kentucky.....	24,170,582.05	1,307,816
Louisiana.....	32,285,781.21	859,351
Maine.....	7,115.00	184,697
Maryland.....	4,108,224.58	241,596
Massachusetts.....	1,621,892.73	163,219
Michigan.....	11,081,698.83	840,514
Minnesota.....	40,647,866.91	928,487
Mississippi.....	35,440,849.74	1,332,981
Missouri.....	53,003,890.15	1,183,499
Montana.....	24,696,946.69	195,262
Nebraska.....	76,441,437.70	580,694
Nevada.....	187,929.64	15,385
New Hampshire.....	73,993.02	76,007
New Jersey.....	606,482.50	144,368
New Mexico.....	4,614,475.89	189,358
New York.....	707,981.67	784,483
North Carolina.....	33,192,859.02	1,623,481
North Dakota.....	52,033,842.07	385,614
Ohio.....	34,671,707.54	1,127,405
Oklahoma.....	64,687,862.49	1,015,562
Oregon.....	10,840,427.66	248,767
Pennsylvania.....	4,431,476.27	975,082
Philippine Islands.....	15,361,736.80	
Puerto Rico.....	18,121,878.23	
Rhode Island.....	7,294.49	21,751
South Carolina.....	22,623,343.66	948,435
South Dakota.....	40,282,824.78	358,204
Tennessee.....	21,506,672.65	1,308,420
Texas.....	146,249,556.30	2,332,693
Utah.....	4,903,740.03	138,242
Vermont.....	117,378.30	122,655
Virginia.....	8,477,222.94	1,053,469
Washington.....	21,426,105.08	335,840
West Virginia.....	943,979.83	561,919
Wisconsin.....	14,596,824.87	930,515
Wyoming.....	4,222,325.82	74,507
Total.....	1,356,354,537.50	31,800,907

The figures showing the distribution of the rental and benefit payments for 1937 are not available for the reason that the farmers in my section have not yet received these payments, although it is now the middle of June 1938 and although they are in most urgent need of the money. However, I do have a separate statement of the distribution for 1936, as follows:

1936 AGRICULTURAL CONSERVATION PROGRAM

Total paid to farmers under the 1936 program up to Nov. 30, 1937, \$376,091,826, by States

State	Amount	Farm population on Jan. 1, 1935
Alabama.....	\$10,924,968.22	1,386,074
Arizona.....	1,068,401.68	100,083
Arkansas.....	10,621,372.91	1,180,238
California.....	4,365,198.31	608,838
Colorado.....	4,424,088.07	276,198
Connecticut.....	363,671.89	143,157
Delaware.....	325,049.04	48,558
Florida.....	1,157,563.00	319,658
Georgia.....	11,153,148.73	1,405,944
Idaho.....	2,701,274.29	198,983
Illinois.....	16,403,436.24	1,017,650
Indiana.....	10,316,155.46	852,994
Iowa.....	27,631,216.77	967,979
Kansas.....	18,089,678.21	703,743
Kentucky.....	11,051,425.97	1,307,816

Total paid to farmers under the 1936 program up to Nov. 30, 1937,
\$376,091,826, by States—Continued

State	Amount	Farm population on Jan. 1, 1935
Louisiana.....	\$7,140,378.54	850,351
Maine.....	337,311.21	184,697
Maryland.....	1,363,053.68	241,596
Massachusetts.....	209,724.57	163,219
Michigan.....	6,777,033.14	840,514
Minnesota.....	17,976,105.33	928,487
Mississippi.....	11,295,984.65	1,332,981
Missouri.....	12,680,020.08	1,183,499
Montana.....	6,989,435.67	195,262
Nebraska.....	14,902,179.92	580,694
Nevada.....	136,674.55	15,385
New Hampshire.....	94,851.12	76,007
New Jersey.....	314,238.60	144,368
New Mexico.....	2,882,779.58	189,358
New York.....	2,894,168.45	784,483
North Carolina.....	12,302,541.09	1,623,481
North Dakota.....	20,935,116.47	385,614
Ohio.....	9,346,718.55	1,127,405
Oklahoma.....	14,505,463.89	1,015,562
Oregon.....	1,926,729.45	248,767
Pennsylvania.....	2,770,567.84	975,082
Rhode Island.....	8,868.06	21,751
South Carolina.....	7,896,046.93	948,435
South Dakota.....	15,648,768.22	358,204
Tennessee.....	8,568,939.50	1,308,420
Texas.....	37,112,113.61	2,332,693
Utah.....	987,040.73	133,242
Vermont.....	294,890.70	122,655
Virginia.....	3,296,436.93	1,053,499
Washington.....	2,439,552.99	335,840
West Virginia.....	655,175.52	561,919
Wisconsin.....	11,111,056.90	930,515
Wyoming.....	1,170,668.03	74,507
Total.....		31,800,907

In addition to the rental and benefit payments, we appropriate funds each year to the Farm Security Administration for use in making loans and grants to farmers in need, and I wish to call your attention to the following statement of how these grants or gifts were distributed to the farmers of the different States during the years 1936 and 1937:

Statement of grants by States, fiscal years 1936 and 1937

States	Fiscal year 1936	Fiscal year 1937	Total	Farm population Jan. 1, 1935
Alabama.....	\$49,046.44	\$124,828.62	\$173,875.06	1,386,074
Arizona.....	50,915.95	4,551.97	55,467.92	100,083
Arkansas.....	112,098.59	710,412.30	822,510.89	1,180,238
California.....	731,734.18	66,951.24	798,685.42	608,838
Colorado.....	811,512.46	381,180.20	1,192,692.66	276,198
Connecticut.....		3,507.50	3,507.50	143,157
Delaware.....		1,675.00	1,675.00	48,558
Florida.....	87,036.95	94,672.31	181,709.26	319,658
Georgia.....	89,135.90	361,619.50	450,755.40	1,405,944
Idaho.....	246,125.56	58,506.69	304,632.25	198,983
Illinois.....	300,717.64	740,811.71	1,041,529.35	1,017,650
Indiana.....	42,894.13	85,536.43	128,430.56	852,994
Iowa.....	47,637.48	602,343.97	649,981.45	967,979
Kansas.....	1,036,335.00	2,899,702.29	3,936,037.29	703,743
Kentucky.....	170,902.55	1,309,871.50	1,480,774.05	1,307,816
Louisiana.....	57,708.76	68,235.76	125,944.52	850,351
Maine.....	12,358.43	14,397.05	26,755.48	184,697
Maryland.....	2,080.55	4,185.00	6,265.55	241,596
Massachusetts.....	5,739.07	3,883.00	9,622.07	163,219
Michigan.....	253,446.49	123,801.75	377,248.24	804,514
Minnesota.....	511,495.83	1,225,168.11	1,736,663.94	928,487
Mississippi.....	132,762.04	165,361.99	298,124.03	1,332,981
Missouri.....	600,257.77	3,138,946.00	3,739,203.77	1,183,499
Montana.....	203,816.95	1,203,118.27	1,406,935.22	195,262
Nebraska.....	397,783.39	2,904,819.61	3,302,603.00	580,694
Nevada.....	6,142.50	990.00	7,132.50	15,385
New Hampshire.....	4,885.52	8,491.32	13,376.84	76,007
New Jersey.....	18,459.86	20,135.09	38,594.95	144,368
New Mexico.....	112,444.50	117,186.95	229,631.45	189,358
New York.....	64,138.29	36,907.27	101,045.56	784,483
North Carolina.....	231,611.97	103,878.01	335,489.98	1,623,481
North Dakota.....	1,655,539.21	5,720,595.79	7,376,135.00	385,614
Ohio.....	446,244.07	103,629.29	549,873.36	1,127,405
Oklahoma.....	887,627.39	3,226,728.33	4,114,355.72	1,015,562
Oregon.....	217,109.48	38,167.56	255,277.04	248,767
Pennsylvania.....	22,025.95	29,785.00	51,810.95	975,082
Rhode Island.....	11,446.11	3,188.67	14,634.78	21,751
South Carolina.....	43,154.98	156,702.41	199,857.39	948,435
South Dakota.....	2,397,638.37	5,959,018.92	8,356,657.29	358,204
Tennessee.....	114,314.02	74,494.16	188,808.18	1,308,420
Texas.....	1,316,057.32	736,102.89	2,052,160.21	2,332,693
Utah.....	285,966.38	76,760.55	362,726.93	133,242
Vermont.....	10,329.00	9,567.50	19,896.50	122,655
Virginia.....	6,057.05	12,739.50	18,796.55	1,053,499
Washington.....	456,293.93	102,394.31	558,688.24	335,840
West Virginia.....	125,358.33	168,130.50	293,488.83	561,919
Wisconsin.....	511,474.63	1,924,812.28	2,436,286.91	930,515
Wyoming.....	221,359.10	263,105.63	484,464.73	74,507
Total.....	15,099,352.07	35,161,099.75	50,260,451.82	31,800,907

You will notice on these statements I have shown the farm population in each of the States, for certainly this program is intended to help the individual farmer in every section of the country without any preference to the farmers in any particular State or section.

This distribution may be entirely fair and just, but I believe it is worthy of your earnest consideration. The only excuse I have ever heard of why so much more is paid to the farmers of the Western States than to the farmers of the Southern States is that all of the land in the South is poor, produces very little, and therefore our payments are small; yet we have thousands and thousands of acres which will produce a bale of cotton to the acre or a ton of peanuts to the acre or from 25 to 50 bushels of corn to the acre. And if any consideration is given to the question of need it would seem that on the theory that our land is poor and we cannot produce much per acre, then our need is greater and our benefits should be larger.

These figures show that my State, Georgia, has a farm population of 1,405,944 and up to June 30, 1937, had received a total in benefit payments of \$32,549,811.89, while the State of Kansas with a farm population of 703,743, or exactly one-half of that of the State of Georgia, received \$120,480,900.12, or with one-half the population that State received four times as much money, which gave each farmer in Kansas eight times as much as each farmer in Georgia. Then look at Iowa, with a farm population of 967,979, receiving \$114,794,863.34; also look at North Dakota with a farm population of only 385,614, or one-fourth that of the State of Georgia, receiving \$52,033,842.07, or nearly twice as much as the State of Georgia. South Dakota is about the same. And look at Nebraska, Illinois, and Indiana.

In the table showing grants it appears that my State with a farm population of 1,405,944 received only \$450,000 in grants but the following States with a smaller farm population received the following: South Dakota, \$8,356,657.29; North Dakota, \$7,376,135; Nebraska, \$3,302,603; Montana, \$1,406,935.22; Missouri, \$3,739,203.77; Minnesota, \$1,736,663.94; Kansas, \$3,906,037.29; Illinois, \$1,041,529.35; Colorado, \$1,192,692.66; and Wisconsin, \$2,435,786.91. And Wyoming, with only 5 percent as large farm population as my State, receives more in grants. There may be some adequate and satisfactory explanation showing that this is a fair distribution of this money, but I want to hear a better one than just the statement that the lands in the South are all poor and the lands in the West are all rich.

For he that hath, to him shall be given; and he that hath not, from him shall be taken even that which he hath.

It would seem that it is still good advice to "Go West, young man, go West," there is still "gold in them thar hills" in the form of Government checks.

And while on this subject I call your attention to the following statement of how the \$14,000,000 for the purchase of surplus farm commodities for last year was used:

Statement of purchases, fiscal year 1937

Commodity:	
Apples.....	0
Dried beans.....	\$37,000
Cabbage.....	0
Carrots.....	
Cauliflower.....	85,000
Cheese.....	0
Cotton products.....	10,000
Eggs.....	2,275,000
Grapefruit.....	3,750,000
Dry skim milk.....	1,860,000
Evaporated milk.....	1,115,000
Onions.....	275,000
Dried peaches.....	252,000
Pears.....	341,000
Dried peas.....	160,000
Potatoes.....	675,000
Prunes.....	2,350,000
Sirup.....	100,000
Wheat.....	50,000
Butter.....	925,000
Total.....	14,260,000

N.B.—These commodities were purchased by the Agricultural Adjustment Administration but distributed by the Federal Surplus Commodities Corporation.

Last Wednesday the gentleman from Illinois [Mr. DIRKSEN], while we were discussing the activities of the Commodity Credit Corporation, said it presented "an excellent opportunity to make a rousing speech on the rise and fall of the prune. The prune has certainly come into a position of glory." I do not know so much about prunes, but surely we can class it as one of the minor farm commodities, as compared with cotton, and corn, and wheat, and so forth. But this statement shows that of \$14,000,000 spent last year in buying up surplus farm commodities, nearly 20 percent of all of the money, or \$2,350,000, was spent in buying prunes; and even a larger percent, or \$3,750,000, was spent in buying grapefruit; nearly \$3,000,000 for milk and over \$2,000,000 for eggs. As I pointed out a few minutes ago, the two great surplus crops, with the greatest surpluses ever known in the history of the Nation, are cotton and wheat, and yet it appears that of all this money, only \$50,000 was used in purchasing wheat and the pitiful sum of \$10,000 for cotton products. All hail the glorious prune!

As we watch these millions go west, let us see what is being done with the billions appropriated for relief and recovery. When the relief bill was up for consideration a few weeks ago I called your attention to the fact that the following States of this Union—Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia—are those States that for many, many years, through good weather and bad, have stood by the Democratic Party. The population of these 11 States is approximately 29,000,000 people.

I also called your attention to the fact that the great State of Pennsylvania, with a population of 9,631,350, is now looked upon as a doubtful State and is Democratic for the first time in 40 years. I then called your attention to the fact that the one State of Pennsylvania received more W. P. A. funds last year than all of these 11 Southern States combined. Here are the official figures:

State	Population, 1930 census	Works Progress Administration expenditures, fiscal year 1937
Alabama	2,646,248	\$18,850,556.85
Arkansas	1,854,482	6,732,082.62
Florida	1,468,211	17,097,083.98
Georgia	2,908,506	20,607,593.85
Louisiana	2,101,593	22,118,440.62
Mississippi	2,009,821	15,516,880.88
North Carolina	3,170,276	14,620,166.46
South Carolina	1,738,765	13,761,813.28
Tennessee	2,616,556	18,845,424.43
Texas	5,824,715	39,464,816.91
Virginia	2,421,851	13,332,415.69
Total, 11 States	28,761,024	210,750,000.00
Pennsylvania	9,631,350	214,565,000.00

The State of New York is also regarded as doubtful politically, at times. It appears that New York City received \$241,215,600.98, and the balance of New York State received \$80,216,460.52, making a total for the entire State of \$321,432,061.50.

This gave the two States, Pennsylvania and New York, a total for the fiscal year 1937 of \$535,997,000. The total W. P. A. funds available was \$1,899,069,166.44, and you will see that these two States alone received almost 30 percent of the funds for the entire Nation.

They are both great States, with great industrial centers. They have problems which deserve our sympathetic consideration, but I cannot believe that the needs in these two States, as compared with conditions in the South, are such as to justify expenditures for New York and Pennsylvania of nearly three times the amount expended in the 11 Southern States, or \$535,000,000 for 2 and \$210,000,000 for 11.

These figures are taken from the testimony of Mr. Harry Hopkins, W. P. A. administrator, given before the Appropriations Committee of this House on April 20. The state-

ment of expenditures which he filed with that committee being as follows:

Works Progress Administration expenditures, by States, fiscal year 1937

	Amount
Alabama	\$18,850,556.85
Arizona	6,732,082.62
Arkansas	16,540,629.40
California	103,346,497.91
Colorado	21,321,165.38
Connecticut	19,385,670.26
Delaware	1,734,515.24
District of Columbia	9,272,679.10
Florida	17,097,083.98
Georgia	20,607,593.85
Idaho	5,721,570.04
Illinois	130,642,639.74
Indiana	53,715,017.17
Iowa	18,520,679.70
Kansas	27,888,660.17
Kentucky	26,747,501.97
Louisiana	22,118,440.62
Maine	6,580,594.42
Maryland	12,570,110.55
Massachusetts	93,315,532.46
Michigan	59,824,089.66
Minnesota	43,513,128.17
Mississippi	15,516,880.88
Missouri	54,838,411.49
Montana	12,929,022.35
Nebraska	16,636,992.64
Nevada	1,627,304.94
New Hampshire	6,250,099.16
New Jersey	75,867,022.05
New Mexico	7,572,630.28
New York City	241,215,600.98
New York (excluding New York City)	80,216,460.52
North Carolina	14,620,166.46
North Dakota	16,266,591.13
Ohio	120,643,471.92
Oklahoma	34,647,647.40
Oregon	13,621,167.17
Pennsylvania	214,565,157.88
Rhode Island	8,765,128.17
South Carolina	13,761,813.28
South Dakota	19,284,459.09
Tennessee	18,845,424.43
Texas	39,464,816.91
Utah	7,717,903.32
Vermont	2,577,378.03
Virginia	13,332,415.69
Washington	25,135,615.86
West Virginia	28,580,714.60
Wisconsin	47,043,373.83
Wyoming	3,176,166.86
Central textile advance account adjustment	-1,772,065.18
Alaska	4,422.65
Hawaii	2,574,496.65
Puerto Rico	32,238.33
Virgin Islands	3,993.32
Central office administrative expense	7,459,804.09
Grand total	1,899,069,166.44

From this statement you will see that of the \$1,890,000,000 spent for W. P. A. last year, 8 States—Illinois, Indiana, Massachusetts, Michigan, New Jersey, New York, Ohio, and Pennsylvania—with a total population of only 52,000,000, received \$1,070,003,000, leaving the other 40 States and the District of Columbia with only \$870,000,000. Here are the figures:

Works Progress Administration expenditures, by States, fiscal year 1937

State	Amount	Population
Illinois	\$130,642,000	7,630,654
Indiana	53,715,000	3,238,503
Massachusetts	93,315,000	4,249,614
Michigan	59,824,000	4,842,325
New Jersey	75,867,000	4,041,334
New York	321,432,000	12,588,066
Ohio	120,643,000	6,646,697
Pennsylvania	214,565,000	9,631,350
Total	1,070,003,000	52,868,543

Since then I have made some further investigation and have secured the figures showing the total expenditures in

the 11 Southern States mentioned and in the States of New York and Pennsylvania for the period from March 4, 1933,

until January 1, 1938, covering the six principal relief or recovery agencies, as follows:

Total expenditures, by States, during the period from Mar. 4, 1933, through Dec. 31, 1937, and population according to 1930 official census

State	Civil Works Administration	Federal Emergency Relief Administration	Social Security Act	Public Works Administration	Works Progress Administration	Public buildings (Treasury)	Total for State	Population
Alabama	\$15,708,874	\$50,546,780	\$3,249,278	\$15,390,388	\$40,254,453	\$1,120,634	\$126,270,407	2,646,248
Arkansas	11,365,667	46,980,969	2,620,857	22,831,577	34,556,332	896,415	119,251,817	1,854,482
Florida	15,293,607	49,890,781	1,886,078	28,551,141	38,364,364	1,639,307	135,625,278	1,468,211
Georgia	12,996,496	53,083,583	1,739,608	24,331,242	44,247,455	1,203,359	137,601,743	2,908,506
Louisiana	12,805,388	49,971,312	3,974,357	29,149,172	47,829,174	592,772	144,322,175	2,101,593
Mississippi	8,297,883	34,793,392	1,671,818	33,327,012	30,807,951	1,313,933	110,211,989	2,009,821
North Carolina	12,143,150	39,898,184	2,404,004	25,736,399	31,640,977	2,170,723	113,993,437	3,170,276
South Carolina	9,127,881	37,251,842	1,172,886	22,741,499	27,853,638	1,012,564	99,160,310	1,738,765
Tennessee	12,695,596	37,802,879	2,055,186	35,037,620	38,758,500	1,403,830	127,753,611	2,616,556
Texas	31,695,716	98,456,763	17,639,069	69,560,916	84,120,304	6,198,291	307,671,059	5,824,715
Virginia	11,865,284	26,302,851	1,315,504	72,807,368	29,629,018	1,448,962	143,368,987	2,421,851
Total	153,995,542	524,979,336	39,728,645	379,464,334	448,062,166	19,000,700	1,565,230,813	28,761,024
New York	79,476,366	411,586,244	28,993,276	211,159,736	700,007,330	12,926,162	1,444,149,114	12,588,066
Pennsylvania	44,983,254	298,072,735	22,065,365	112,196,142	423,424,873	3,105,589	903,847,958	9,631,350
Total	124,459,620	709,658,979	51,058,641	323,355,878	1,123,432,203	16,031,751	2,347,997,072	22,219,416

I want you to study the figures shown in this table, for it appears that through these 6 agencies these 11 Southern States during the 5 years received a total of \$1,565,230,813, while the one State of New York received \$1,444,149,114, or nearly as much as the 11 States combined, and that the two States of New York and Pennsylvania received a total of \$2,347,997,072.

After I discussed this matter on the floor a few weeks ago one of the Members came to me and said, "Yes; we get most of the W. P. A. money, but you get all of the Rural Electrification money." I told him that I thought that the Rural Electrification was for the farming sections which did not have electric power and felt sure that we should be getting most of that money, but that in the first place the Rural Electrification appropriation was small as compared with W. P. A. funds, and in the second place, I would look it up and see where that money is going. I now have that information, and it appears that during the 2 years 1936 and 1937 only \$46,000,000 was spent for rural electrification, and here is how it was spent, together with the number of farms in each State and the farm population of each State:

Rural Electrification Administration allotments

States	1936 funds	1937 funds	Number of farms	Farm population, Jan. 1, 1935
Alabama	\$65,000	\$1,053,000	273,455	1,386,074
Arizona		145,000	18,824	100,083
Arkansas		617,000	253,013	1,180,238
California		1,200,000	150,368	608,338
Colorado	140,000	250,000	63,644	276,198
Connecticut			32,157	143,157
Delaware		405,000	10,381	48,558
Florida	104,500	48,500	72,857	319,638
Georgia	763,200	1,628,915	250,544	1,405,944
Idaho	89,750	594,000	45,113	198,983
Illinois	141,500	1,952,000	231,312	1,017,650
Indiana	1,426,926	3,218,000	200,835	852,994
Iowa	537,617	3,256,712	221,986	967,979
Kansas		649,651	174,589	703,743
Kentucky	261,700	1,160,000	278,298	1,307,816
Louisiana		905,000	170,216	859,351
Maine			41,907	184,697
Maryland		165,000	44,412	241,596
Massachusetts			35,094	163,219
Michigan		2,845,000	196,517	804,514
Minnesota	1,461,000	3,154,954	203,302	928,487
Mississippi	81,000	748,200	311,683	1,332,981
Missouri		1,717,000	278,454	1,183,499
Montana	155,000	560,600	50,564	195,262
Nebraska	1,832,000	2,479,750	133,616	580,694
Nevada			3,696	15,385
New Hampshire			17,695	76,007
New Jersey		245,000	29,375	144,308
New Mexico			41,899	189,358
New York			177,025	784,483
North Carolina	645,250	565,000	300,967	1,623,481
North Dakota		500,000	84,606	385,614
Ohio	2,549,200	3,191,600	255,146	1,127,405
Oklahoma	70,000	1,716,000	213,325	1,015,562

Rural Electrification Administration allotments—Continued

States	1936 funds	1937 funds	Number of farms	Farm population, Jan. 1, 1935
Oregon		\$302,000	64,826	248,767
Pennsylvania	\$400,000	1,550,000	191,284	975,082
Rhode Island			4,327	21,751
South Carolina	648,328		165,504	948,435
South Dakota	77,000	313,000	83,303	338,204
Tennessee	338,258	1,073,000	273,783	1,308,420
Texas	497,500	2,291,000	501,017	2,332,693
Utah			30,695	138,242
Vermont			27,061	122,655
Virginia	577,800	1,061,000	197,632	1,053,469
Washington	13,000	831,200	84,381	335,840
West Virginia		423,000	104,747	561,919
Wisconsin	1,539,600	2,901,000	199,877	930,515
Wyoming		454,000	17,487	74,507
Total	14,475,129	46,339,082	6,812,350	31,800,907

While my State has received a total of \$1,600,000 of this money, which is more than its share, considering the number of States, yet there is no section which is more anxious to secure the comforts and benefits from rural electrification, and when you consider the fact that my State has the third largest farm population of all of the States it would seem that we would be receiving a greater allotment. I cannot help but believe that we need rural electrification as much as any State in the Union; and yet it will be seen that Indiana, Iowa, Michigan, Minnesota, Nebraska, Ohio, and Wisconsin, all with farm populations much less than Georgia, have each received about or more than twice as much money for rural electrification.

I have not brought these facts to your attention in an effort to raise a sectional issue or to create any feeling between States. I am glad that these other States are receiving these enormous benefits, and I hope they will appreciate what the administration is doing for them. I presume that there is some explanation as to why all of the farm money is going West and all of the relief money is going North, and I intend to keep digging until I either secure a satisfactory explanation or a correction of this situation.

But my purpose at this time in bringing these facts to your attention is in the hope that those who seem to feel that the farmers of the South are not entitled to some further assistance will give their active support and sympathetic approval to this amendment to appropriate funds for making a parity payment to the farmers of this Nation. Never at any time shall I ask for more than our fair share; never at any time shall I be satisfied with less.

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SCOTT. Mr. Speaker, this morning I read in the local papers what I considered a very unjust, and unsupported, in fact, criticism by the gentleman from Massachusetts [Mr. TINKHAM] of the Secretary of State and the manner in which he is conducting the foreign relations of the United States.

The paper quotes the gentleman as saying that the policies of the State Department are moving the United States toward involvement in a European war. He accuses the Secretary of preaching a doctrine of peace and at the same time opposing at every turn and in every possible way a policy of neutrality of this country.

I see nothing in the speeches or actions of the Secretary of State that can justify a statement of that kind from anybody. To the contrary, I feel justified in saying that I am willing to continue my confidence in Mr. Hull and his efforts and desires to preserve the peace and national security of the United States.

Mr. Speaker, there have been very few times in the history of the United States when the duties of the Secretary of State and his Department have been more arduous or fraught with greater difficulty than today. There have been few, if any, times, in my opinion, when the State Department was in better hands. I am sorry that the gentleman from Massachusetts saw fit to make such an unconsidered statement that the Secretary of State is trying to lead the United States into war with any other country. I believe the majority of the people of the country feel the same way as I do about this.

Mr. Welles has condemned the indiscriminate bombing of unprotected civilians and Mr. Hull has asked the manufacturers of airplanes to refuse to sell to governments who order these attacks. The newspapers said he meant Japan. Fine; they are guilty and should be condemned. I think that Germany and Italy should be named, too; they are doing the bombing in Spain.

I think that the majority of our people applaud Mr. Welles for his statement and Mr. Hull for his request.

Yesterday at the Foundry Methodist Episcopal Church here in the District 800 people arose to approve a resolution calling for an embargo on Japan proposed by Rev. Dr. Frederick Brown Harris. Never before in Foundry's 123 years, according to the papers, has there been such action.

The people are with Secretary Hull. Dr. Harris compared Japan to the Cash kidnaper, and said:

It is unthinkable that a Christian nation should stand silent while these wanton attacks continue.

The resolution adopted follows:

Whereas Japan has day after day ruthlessly bombed the undefended city of Canton, resulting in more than 8,000 dead and wounded noncombatants and untold destruction of property, and has announced, through Government spokesmen, its intention of continuing such action, be it

Resolved, That the Government of the United States immediately adopt the policy of nonparticipation in aggression by planning an embargo on exports to Japan of munitions and war materials, including oil, gasoline, pig and scrap iron, airplanes and airplane parts, machinery and engines, copper, automobiles and auto accessories, and chemicals.

Again I say, Mr. Speaker, our State Department has a terrific job on its hands. Such unbridled attacks as that made this morning by the gentleman from Massachusetts [Mr. TINKHAM] against a man who has been working day and night to preserve our peace, to strengthen our national security, and to call the attention of the world to our repugnance of the uncivilized actions of the present disturbers of world peace, will not, I feel sure, find favor with the people of our Nation.

In accord with these aims is a statement released by the League for Peace and Democracy, as follows:

MAY 13, 1938.

The critical state of world affairs impels us to address you concerning the foreign policy of our Government in relation to war and the future of democracy.

The wars now being waged in Spain and in China, the policies and plans of those who have invaded these countries, threaten the world with another general conflict. Facing this prospect the other nations are now arming to an extent unparalleled in history. Abandoning the effort to provide mutual insurance against war, through the League of Nations and other covenants, they are reverting to the pre-war system of military alliances. Thus they are making more certain the catastrophe they desire to avoid.

The immediate responsibility for this general course of disaster rests upon Germany, Italy, and Japan because they are now waging war upon the soil of other nations in violation of their pledged word. Both the President and the Secretary of State have correctly voiced the protest of the American people against the acts and policies of these invaders. But the policy of our Government moves in the opposite direction from these words. It still permits the sale to Germany, Japan, and Italy of the means to carry on their aggressive wars. The only government it has quarantined is that of the Spanish democracy, a victim of invasion.

We submit that the direction of our foreign policy needs to be sharply reversed; it needs to be based upon the only possible substitute for war with treaty-breaking aggressors—economic non-cooperation.

We hold that the guiding principles of our foreign policy at this moment should be:

No use of American goods or money by the aggressors who are invading other nations.

Full access to our markets for the victims of invasion under regulations designed to remove the risk of our being drawn into war.

In the immediate situation this policy means:

The lifting of the embargo against the Spanish Government.

An embargo on arms, munitions, and materials of war, on oil, and all metals essential to arms manufacture, on cotton and foods above peacetime quotas, against Germany, Italy, and Japan.

The use of reciprocal-trade treaties to strengthen the democratic nations.

No recognition of any conquest by Italy, Japan, or Germany.

No participation in financing these countries or their conquered territories, directly or indirectly.

The consistent defense of democratic and civil rights in this country, since the attack on these rights emanates from the same circles of warmakers here who attempt to influence our foreign policy in favor of the aggressors.

This policy of economic noncooperation with invaders should be accompanied by announcement of our willingness to cooperate with these nations in the solution of their economic difficulties as soon as they withdraw their invading forces, drop their plans of aggression, and cease building up armaments.

We believe that if the United States will take advantage of its comparative security and its economic strength to initiate this policy, its challenge to the common conscience and the common sense of mankind will enable those of like mind in the other democratic nations to do likewise. Thus effective concerted action to halt and to prevent war may come about.

EMERGENCY RELIEF AND PUBLIC BUILDINGS BILL

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the conferees on the relief bill may be given until midnight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

EXTENSION OF REMARKS

Mr. BARTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. The gentleman already has that permission under the general order.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Massachusetts [Mr. TINKHAM] may be permitted to extend his own remarks in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent that in connection with an extension of my remarks I may be permitted to quote from a short article.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY of Indiana. Mr. Speaker, I take this precious minute to inform the House that I will speak tonight over radio station WOL, Washington, D. C., at 9 o'clock, to explain to the membership of this House how full and complete relief from the depression can be provided without passing a new law, without creating any new boards or bureaus, without providing a new office or any new public officials, and without providing any new or different money. Relatively or comparatively speaking, if this action was taken today, the administration of such relief measure could start tomorrow and prosperity would be at the train the next day to meet the Members returning home.

[Here the gavel fell.]

COMMITTEE ON RULES

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

LIABILITY OF RAILROADS TO EMPLOYEES

Mr. O'CONNOR of New York, from the Committee on Rules, submitted the following privileged resolution (Rept. No. 2741), which was referred to the House Calendar and ordered to be printed:

House Resolution 530

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10250, a bill to amend an act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908 (U. S. C., title 45, sec. 51). That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

EXTENSION OF REMARKS

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a speech made by Captain Stacy, of the C. C. C.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. DALY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an article from the Washington Star affecting my colleague the gentleman from Pennsylvania, Mr. DREW.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a short newspaper editorial.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein certain letters.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a resolution.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District of Columbia day. The Chair recognizes the gentleman from Maryland.

AMENDMENT OF DISTRICT OF COLUMBIA ALLEY DWELLING ACT

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 10642) to amend an act entitled "District of Columbia Alley Dwelling Act," approved June 12, 1934, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the first section of the District of Columbia Alley Dwelling Act, approved June 12, 1934, is hereby amended to read as follows:

"TITLE I

"SECTION 1. (a) It is hereby declared to be a matter of legislative determination that the conditions existing in the District of Columbia with respect to the use of buildings in alleys as dwellings for human habitation are injurious to the public health, safety, morals, and welfare; and it is hereby declared to be the policy of the United States to protect and promote the welfare of the inhabitants of the seat of the Government by eliminating all such injurious conditions by employing all means necessary and appropriate for the purpose; and control by regulatory processes having proved inadequate and insufficient to remedy the evils, it is in the judgment of Congress necessary to acquire property in the District of Columbia by gift, purchase, or the use of eminent domain in order to effectuate the declared policy by the discontinuance of the use for human habitation in the District of Columbia of buildings in alleys, and thereby to eliminate the communities in the inhabited alleys in said District, and to provide decent, safe, adequate, and sanitary habitations for persons or families substantially equal in number to those who are to be deprived of habitation by reason of the demolition of buildings under the terms of this title, and to prevent an acute shortage of decent, safe, adequate, and sanitary dwellings for persons of low income, and to carry out the policy declared in the act approved May 18, 1918, as amended, of caring for the alley population in the District of Columbia, and to that end it is necessary to enact the provisions hereinafter set forth.

"(b) In order to remedy the conditions and evils hereinbefore recited and to carry out the policy hereinbefore declared, the President is hereby authorized and empowered to acquire by purchase, gift, condemnation, or otherwise—

"(1) any land, building, or structures, or any interest therein, situated in or adjacent to any inhabited alley in the District of Columbia;

"(2) any land, buildings, or structures, or any interest therein, within any square containing an inhabited alley, the acquisition of which is reasonably necessary for utilization, by replatting, improvement or otherwise, pursuant to the provisions of this act, of any property acquired under subparagraph (1) of this subsection; and

"(3) any other land, together with any structures that may be located thereon, in the District of Columbia that may be necessary to provide decent, safe, adequate, and sanitary housing accommodations for persons or families substantially equal in number to those who are to be deprived of habitation by reason of the demolition of buildings pursuant to the provisions of this title.

"(c) The Authority is authorized and empowered to replat any land acquired under this Act; to pave or repave any street or alley thereon; to construct sewers and water mains therein; to install street lights thereon; to demolish, move, or alter any buildings or structures situated thereon and erect such buildings or structures thereon as deemed advisable: *Provided, however*, That the same shall be done and performed in accordance with the laws and municipal regulations of the District of Columbia applicable thereto.

"(d) The Authority is hereby authorized and empowered to lease, rent, maintain, equip, manage, exchange, sell, or convey any such lands, buildings, or structures acquired under this title, for such amounts and upon such terms and conditions as it may determine: *Provided*, That sales of real property shall be made at public sale to the highest responsible bidder on terms satisfactory to the Authority after advertising for three consecutive weeks in at least one daily newspaper of general circulation published in the District of Columbia: *Provided, however*, That the Authority may, without advertising, sell such property to a quasi-public institution or agency not organized or operated for private profit at not less than the cost of such property to the Authority, including

improvements: *And provided further*, That if any such lands, buildings, or structures are required for the purposes of the United States or of the District of Columbia, they may be transferred thereto upon payment to the Authority of the reasonable value thereof.

"(c) The Authority is authorized and empowered to aid in providing, equipping, managing, and maintaining houses and other buildings, improvements, and general community utilities on the property acquired under the provisions of this title, by loans, upon such terms and conditions as it may determine, to limited dividend corporations whose dividends do not exceed 6 per centum per annum, or to home owners to enable such corporations or home owners to acquire and develop sites on the property: *Provided, however*, That no loan shall be made at a lower rate of interest than 5 per centum per annum, and that all such loans shall be secured by reserving a first lien on the property involved for the benefit of the United States."

"Sec. 2. Section 3 (b) of such Act is hereby amended by adding thereto the following: 'The Authority is hereby authorized and empowered to accept gifts of money from private sources; to borrow from the Treasury of the United States not to exceed \$1,000,000 in the fiscal year ending June 30, 1939, and a like sum in each of the four succeeding fiscal years, upon such terms and conditions as the President may deem advisable, and appropriations for such purpose are hereby authorized out of the general fund of the Treasury: *Provided*, That the Authority shall be obligated for the payment of interest at the going Federal rate as defined in the United States Housing Act of 1937.'

"Sec. 3. Section 3 (d) of such Act is amended to read as follows: "(d) The total amount paid for property or properties acquired, except by condemnation, in any square shall not exceed 30 per centum over and above the current assessed value of all the property or properties acquired, except by condemnation, in such square to carry out the provisions of this Act."

"Sec. 4. Section 3 of such Act is amended by adding thereto the following:

"(e) In carrying out the provisions of this Act, the Authority is hereby authorized and empowered (1) to procure services or make any purchase without regard to the provisions of section 3709 of the Revised Statutes, provided the aggregate amount involved is not more than \$100, (2) to purchase books of reference, directories, and periodicals that are necessary in connection with its work, and (3) to secure architectural and engineering services on specific projects, without regard to the Civil Service laws and the Classification Act of 1923, as amended: *Provided*, That this authorization shall not apply to the employment of architects and engineers by the Authority on a permanent basis."

"Sec. 5. Such Act of June 12, 1934, is further amended by adding at the end thereof the following new title:

"TITLE II

"Sec. 201. As used in this title—

"(a) The term 'housing project' shall mean any low-rent housing (as defined in the United States Housing Act of 1937), the development or administration of which is assisted by the United States Housing Authority.

"(b) The term 'development' shall mean any or all undertakings necessary for planning, financing (including payment of carrying charges), land acquisition, demolition, construction, or equipment, in connection with a housing project, but not beyond the point of physical completion.

"Sec. 202. In addition to its other powers, the Authority shall have the power to acquire sites for and to prepare, carry out, acquire, lease, and operate housing projects, as defined in section 201 of this title, and to construct or provide for the construction, reconstruction, improvement, alteration, or repair of any such housing project, or any part thereof, in the District of Columbia.

"Sec. 203. For the purposes of this title the Authority shall be considered a public housing agency within the meaning of, and to carry out the purposes of, the United States Housing Act of 1937; and as such, the Authority is empowered to borrow money or accept contributions, grants, or other financial assistance from the United States Housing Authority for or in aid of any housing project in the District of Columbia, in accordance with the United States Housing Act of 1937, to take over or lease or manage any such housing project or undertaking constructed, owned, or operated by the United States Housing Authority, and to those ends to comply with such conditions and enter into such mortgages, trust indentures, leases, or agreements as may be necessary, convenient, or desirable: *Provided*, That the tax exemption of the property of the Authority shall be deemed a contribution by the District of Columbia in accordance with the local contributions requirements of section 10 (a) or section 11 (f) of the United States Housing Act of 1937. It is the purpose and intent of this title to authorize the Authority to do any and all things necessary to secure the financial aid of the United States Housing Authority in the undertaking, construction, maintenance, or operation in the District of Columbia of any housing project by the Authority.

"Sec. 204. For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of housing projects, the District of Columbia, or any department, instrumentality, or agency thereof, may, upon such terms, with or without consideration, as it may determine, as a contribution—

"(a) Dedicate, sell, convey, or lease any needed property to the Authority;

"(b) Cause parks, playgrounds, or recreational, community, educational, water, sewer, or drainage facilities, or any other works

which it is otherwise empowered to undertake, to be furnished adjacent to or in connection with housing projects;

"(c) Furnish, dedicate, close, pave, install, grade, regrade, plan, or replan streets, roads, roadways, alleys, sidewalks, or other places which it is otherwise empowered to undertake;

"(d) Enter into agreements with the Authority respecting action to be taken pursuant to any of the powers granted by this Act;

"(e) Cause services of a character which it is otherwise empowered to furnish to be furnished to the Authority;

"(f) Enter into agreements with the Authority respecting the elimination of unsafe, insanitary, or unfit dwellings; and

"(g) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of such housing projects.

"Sec. 205. The Commissioners of the District of Columbia are hereby authorized to lend to the Authority such amounts as may be necessary to enable the Authority to comply with the provisions of the United States Housing Act of 1937, and appropriations for such purpose are hereby authorized out of the revenues of the District of Columbia, and the Authority is empowered to accept such loans."

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

LEVYING AND COLLECTING TAXES AND ASSESSMENTS

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 10423) relating to the levying and collecting of taxes and assessments, and for other purposes, and ask unanimous consent that a similar Senate bill (S. 3846) may be considered in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That any property owner aggrieved by any special assessment levied by the District of Columbia for any public improvement, other than a special assessment levied by a jury in a condemnation proceeding, may, within 60 days after service of notice of such assessment as provided in section 3 hereof, file with the Commissioners of the District of Columbia a protest in writing against such assessment setting forth specifically the grounds of such protest and may request a hearing thereon. No ground of protest not specifically set forth need be considered by the Commissioners. If a hearing is requested the same shall be held, in the discretion of the Commissioners, either before them or before one or more agents designated by them. At such hearing physical facts which may be ascertained by view may be considered whether proven or not. If the hearing is held before an agent or agents, such agent or agents shall report in writing to the Commissioners the substance of the evidence taken and the arguments made at the hearing, together with the findings (which may include a statement of any physical facts not proven at the hearing but which may be ascertained by view) and the recommendations of such agent or agents. A copy of such report, findings, and recommendations shall be mailed to the protestant 10 days before being presented to the Commissioners, and the protestant may, before such report, findings, and recommendations are presented to the Commissioners, file with such agent or agents exceptions to such report and findings, which exceptions shall be presented to the Commissioners with such report, findings, and recommendations. If the Commissioners find that the property of the owner so protesting is not benefited by the improvement for which said assessment is levied, or is benefited less than the amount of such assessment or is unequally or inequitably assessed with relation to other property abutting such improvement, said Commissioners shall abate, reduce, or adjust such assessment in accordance with such findings. In computing the time hereinafter provided in which a special assessment may be paid without interest there shall be excluded therefrom the time between the date of the filing of any such protest and the date of mailing notice of the action thereon by the Commissioners. This section shall be effective only as to assessments levied for work completed subsequent to the passage and approval of this act.

Sec. 2. The Commissioners of the District of Columbia are authorized, but not directed, whenever in their judgment and discretion any property upon which a special assessment has been levied by the District of Columbia is not benefited by the improvement for which such special assessment was levied, or is benefited less than the amount of such assessment, or is unequally or inequitably assessed with relation to other property abutting such improvement, to abate, reduce, or adjust such assessment in accordance with such finding. This section shall not apply to any assessment levied by a jury in a condemnation proceeding, or to any assessment levied for work completed subsequent to the passage and approval of this act, or to any assessment levied under the act of Congress entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters," approved February 20, 1931: *Provided, however*, That nothing in this section shall be construed as

affecting protests filed under the provisions of said act of February 20, 1931, within the time prescribed in said act.

Sec. 3. (a) When any special assessment for a public improvement, with the exception of assessments levied in condemnation proceedings, is levied by the District of Columbia upon any lot or parcel of land, notice of the levying of such assessment shall be served upon the record owner thereof in the manner herein provided and if there be more than one record owner of such lot or parcel of land notice served on one of the owners shall be sufficient. If the address of the owner be unknown or if the owner be a nonresident, such notice shall be served on his tenant or agent. The service of such notice shall be either personal or by leaving the same with some person of suitable age at the residence or place of business of such owner, agent, or tenant. If there be no tenant or agent known to the Commissioners, then they shall give notice of such assessment by advertisement once a week for two successive weeks in some daily newspaper of general circulation published in the District of Columbia. The cost of such publication shall be paid out of the general revenues of the District. The notice herein provided for shall be in lieu of any and all other notice now required by law.

This subsection shall apply to all assessments (other than assessments in condemnation proceedings) notice of which has not been served prior to the approval of this act.

(b) All special assessments authorized to be levied by the District of Columbia for public improvements, with the exception of assessments levied in condemnation proceedings, may be paid without interest within 60 days from the date of service of notice or of the last publication of notice as the case may be. Interest of one-half of 1 percent for each month or part thereof shall be charged on all unpaid amounts from the expiration of 60 days from the date of service or last publication as the case may be. Any such assessment may be paid in three equal installments with interest thereon. If any such assessment or any part thereof shall remain unpaid after the expiration of 2 years from date of service of notice or last publication of notice as the case may be, the property against which said assessment was levied may be sold for such assessment or unpaid portion thereof with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general taxes, if said assessment with interest and penalties thereon shall not have been paid in full prior to said sale.

This subsection shall apply only to assessments for public improvements completed subsequent to the date of the approval of this act, and assessments for public improvements completed on or before the date of the approval of this act shall be levied and collected and bear interest as if this act had not been passed, except that where service sewers or water mains, or both, have been laid prior to the approval of this act, but assessments therefor have not been levied for the reason that the property abutting the street, avenue, road, or alley in which the service sewer or water main is laid has not been subdivided, assessments for such sewers or water mains, or both, levied after the approval of this act because of the subdivision of the property or its connection with the sewer or water main, or both, shall be levied, collected, and bear interest as provided in this subsection.

Sec. 4. Special assessments authorized to be levied in condemnation proceedings instituted by the District of Columbia may be paid without interest within 60 days after the ratification or confirmation of the verdict of the jury. Interest of one-third of 1 percent for each month or part thereof shall be charged on all unpaid amounts from the expiration of 60 days from the date of the ratification or confirmation of the verdict of the jury. Any such assessment may be paid in five equal installments with interest thereon. If any such assessment or any part thereof shall remain unpaid after the expiration of 4 years from the date of the ratification or confirmation of the verdict of the jury, the property against which said assessment was levied may be sold for such assessment or unpaid portion thereof with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general taxes, if said assessment with interest and penalties thereon shall not have been paid in full prior to said sale. This section shall apply only to assessments ratified or confirmed by the court after the date of the approval of this act and assessments ratified or confirmed on or before the date of the approval of this act shall be levied and collected and bear interest as if this act had not been passed.

Sec. 5. All assessments authorized to be levied by the District of Columbia to reimburse it for money expended in the removal of nuisances shall bear interest at the rate of one-half of 1 percent per month or part thereof from the date such assessment was levied. If any such assessment shall remain unpaid after the expiration of 60 days from the date such assessment was levied the property against which such assessment was levied may be sold for such assessment with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general taxes, if such assessment with interest and penalties thereon shall not have been paid in full prior to said sale.

Sec. 6. The Commissioners of the District of Columbia are hereby authorized and directed, in any case where a special assessment for public improvements in the District of Columbia, other than an assessment levied by a jury in a condemnation proceeding, has been or hereafter may be quashed, set aside, or declared void by

any court for any reason other than the right of the public authorities to levy an assessment for such improvement, to reassess the property in accordance with the benefits received from such improvement, after notice to the owner of the property and an opportunity afforded him to be heard, the hearing to be had before such agent or agents as the Commissioners may designate. At such hearing physical facts which may be ascertained by view may be considered, whether proven or not. Such agent or agents shall report in writing to the Commissioners the substance of the evidence taken and the arguments made at the hearing, together with the findings (which may include a statement of any physical facts not proven at the hearing which may be ascertained by view) and the recommendations of such agent or agents. A copy of such report, findings, and recommendations shall be mailed to the protestant 10 days before being presented to the Commissioners, and the protestant may, before such report, findings, and recommendations are presented to the Commissioners, file with such agent or agents exceptions to such report and findings, which exceptions shall be presented to the Commissioners with such report, findings, and recommendations. The reassessment shall be made within 1 year from the date the judgment or decree quashing, setting aside, or declaring void the assessment becomes final and not subject to review. Notice of such reassessment shall be given the property owner in the same manner as if such reassessment was an original assessment, and such reassessment shall bear interest and be collected in the same manner as if such reassessment was an original assessment.

Sec. 7. The Commissioners of the District of Columbia are authorized, in their discretion, to waive, in whole or in part, interest or penalties, or both, on unpaid taxes and special assessments due the District of Columbia, when, in their judgment, such action would be equitable or just or in the public interest.

Sec. 8. That section 8 of the act entitled "An act in relation to taxes and tax sales in the District of Columbia," approved February 28, 1898 (30 Stats. 250), as amended by the act entitled "An act to amend an act entitled 'An act in relation to taxes and tax sales in the District of Columbia,' approved February 28, 1898," approved July 1, 1902 (32 Stats. 635), be further amended to read as follows:

"Sec. 8. That hereafter the assessor of the District of Columbia shall furnish information with respect to taxes, special assessments, and valuations to any person having any interest in the property with respect to which such information is requested."

Sec. 9. (a) So much of section 3 of the act entitled "An act in relation to taxes and tax sales in the District of Columbia," approved February 28, 1898, as amended by the act entitled "An act to amend an act entitled 'An act in relation to taxes and tax sales in the District of Columbia,' approved February 28, 1898," approved July 1, 1902, as reads: "the amount for which it was sold at such sale, exclusive of surplus, and 12 percent per annum thereon," is hereby further amended to read as follows: "the amount for which it was sold at such sale, exclusive of surplus, and 1 percent thereon for each month or part thereof."

(b) So much of said section 3 of said act of February 28, 1898, as amended by the act of July 1, 1902, as reads "by the payment of the taxes, penalties, and costs due at the time of the sale and that may have accrued after that date, and 8 percent per annum thereon," is hereby further amended to read as follows: "by the payment of the taxes, penalties, and costs due at the time of the sale and that may have accrued after that date, and 1 percent thereon for each month or part thereof."

(c) So much of said section 3 of said act of February 28, 1898, as amended by the act of July 1, 1902, as reads "the amount exclusive of surplus paid by the person or persons to whom such certificate was issued and 12 percent per annum thereon," is further amended to read as follows: "the amount exclusive of surplus paid by the person or persons to whom such certificate was issued and 1 percent thereon for each month or part thereof."

(d) These amendments shall apply only to tax sales held after the passage and approval of this act, and said section 3 of the act of February 28, 1898, as amended by the act of July 1, 1902, shall remain in full force and effect as to all tax sales held prior to the passage and approval of this act.

Sec. 10. The Commissioners of the District of Columbia are authorized to direct the collector of taxes of the District of Columbia to omit from his records as assets of the District of Columbia any and all taxes, real and personal, and all special assessments which the Commissioners may determine are uncollectible, but such determination on the part of the Commissioners or the failure of the collector to carry such taxes on his records as assets shall not affect the liability of the taxpayer for the payment of said taxes.

Sec. 11. On and after the date of the approval of this act all records and accounts in any way relating or pertaining to the bookkeeping, accounting, and collection of taxes and assessments now prepared by the assessor of the District of Columbia and now kept in the office of the collector of taxes of the District of Columbia shall be transferred to and kept in the office of the said assessor. The said assessor shall hereafter be charged with the duties heretofore required of the collector of taxes in relation to the preparation and issuance of tax bills and bills for special taxes and assessments, the preparation for public inspection of lists of all real estate in the District of Columbia heretofore sold or which may hereafter be sold for the nonpayment of any general or special taxes or assessments, the furnishing of certified statements

over his hand and official seal of all taxes and assessments general and special that may be due at the time of making the said certificate, and the preparation of the lists of taxes on real property in said District subject to taxation on which taxes are levied and in arrears on the 1st day of July in each year. Hereafter on or before September 1 of each year the assessor shall prepare and retain in his office tax accounts in such form as shall be prescribed by the Commissioners of the District showing the assessed owners, amount, description, and value of real property listed for taxation in the District of Columbia, and on or before April 1 of each year the assessor shall prepare and retain in his office personal tax accounts in such form as may be prescribed by the Commissioners of the District showing the names and addresses of assessed owners, and the location and value of the property assessed.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 10423) was laid on the table.

CONSTRUCTION OF CERTAIN MUNICIPAL BUILDINGS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 10688) authorizing advancements from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. WADSWORTH. Reserving the right to object, Mr. Speaker, could the gentleman state the character of municipal buildings involved?

Mr. PALMISANO. This permits the District Commissioners to obtain money on a par with other cities and municipalities of the country through the W. P. A. with respect to the different buildings they have to erect, like a courthouse building or the recorder of deeds building.

Mr. WADSWORTH. Does the bill outline some of the buildings?

Mr. PALMISANO. No; I do not think so. It only puts them on a par with other cities with respect to borrowing money from the P. W. A.

Mr. WADSWORTH. Then may the Commissioners erect any sort of building they desire after borrowing the money?

Mr. PALMISANO. No; only the buildings that have already been authorized by the Congress.

Mr. O'MALLEY. Mr. Speaker, I reserve the right to object so I may interrogate the gentleman from Maryland. This bill provides for the District borrowing money from the P. W. A., does it not?

Mr. PALMISANO. On a par with other cities.

Mr. O'MALLEY. How much does it provide they can borrow?

Mr. PALMISANO. Only for buildings that have been authorized.

Mr. O'MALLEY. I understand that, but how much money can they borrow?

Mr. PALMISANO. The bill does not state any amount.

Mr. O'MALLEY. In there any limitation whatever upon it?

Mr. PALMISANO. The limitation is the provision with respect to buildings already authorized by Congress and in the last Congress we passed a bill authorizing and directing the District Commissioners to build a new police court building and a recorder of deeds building.

Mr. O'MALLEY. Out of P. W. A. funds or out of appropriations in the District of Columbia appropriation bill?

Mr. PALMISANO. On a loan, of course. The amount ran up to \$20,000,000, as the gentleman will recall.

Mr. O'MALLEY. Does the gentleman realize the more money the District of Columbia gets from P. W. A., the less P. W. A. money there is for the rest of the country, and the District of Columbia has more buildings now and has never had a depression so far as building is concerned, and now does the gentleman propose to come in and let them take

away some of the funds that his district and my district and every other district needs so badly to restore employment?

Mr. PALMISANO. I think the people here who pay taxes to the Federal Government are entitled to the same courtesy and the same privilege as the citizens of Maryland or Wisconsin.

Mr. O'MALLEY. If the gentleman believes that we ought to reduce the amount of P. W. A. funds available for the rest of the country by giving the District of Columbia money out of that fund, it is O. K. with me.

Mr. PALMISANO. It would not make any difference with respect to the rest of the country.

The SPEAKER. Is there objection to the request of the gentleman from Maryland [Mr. PALMISANO]?

There was no objection.

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent that a similar Senate bill (S. 4024) authorizing advancements from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes, may be considered in lieu of the House bill.

There being no objection, the Clerk read the Senate bill (S. 4024), as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia are hereby authorized to accept advancements for the District of Columbia from the Federal Emergency Administration of Public Works, created by the National Industrial Recovery Act, and said administration with the approval of the President is authorized to advance to said Commissioners the sum of \$18,150,000, or any part thereof, in addition to any sums heretofore advanced to the District of Columbia by said administration, out of funds authorized by law for said administration, for the acquisition, purchase, construction, establishment, and development of public works, including among others a building or buildings for the municipal court, the recorder of deeds, and the juvenile court, or any of them, said buildings to be located on such portions or parts of Judiciary Square, or the area bounded by Fourth and Fifth Streets, D and G Streets, NW., or upon such other area or areas as shall be approved by said Commissioners and the National Capital Park and Planning Commission and the making of such advances is hereby included among the purposes for which funds heretofore appropriated or authorized for said administration, including funds appropriated by the Public Works Administration Appropriation Act of 1938, may be used, in addition to the other purposes specified in the respective acts appropriating or authorizing said funds.

SEC. 2. The sum authorized by section 1 hereof, or any part thereof shall, when advanced, be available to the Commissioners of the District of Columbia for the acquisition by dedication, purchase, or condemnation of the fee-simple title to land, or rights or easements in land, for the public uses authorized by this act, and for the preparation of plans, designs, estimates, models, and specifications; and for architectural and other necessary professional services without reference to the Classification Act of 1923, as amended, and section 3709 of the Revised Statutes; for the construction of buildings, including materials and labor, heating, lighting, elevators, plumbing, landscaping, and all other appurtenances, and the purchase and installation of machinery, furniture, equipment, apparatus, and any and all other expenditures necessary for or incident to the complete construction and equipment for use of the aforesaid buildings and plants. All contracts, agreements, and proceedings in court for condemnation or otherwise, pursuant to this act shall be had and made in accordance with existing provisions of law except as otherwise herein provided.

SEC. 3. That the Federal Emergency Administration of Public Works shall be repaid 55 percent of any moneys advanced under section 1 of this act in annual installments over a period of not to exceed 25 years with interest thereon for the period of amortization: *Provided*, That such sums as may be necessary for the reimbursement herein required of the District of Columbia, and for the payment of interest, shall be included in the annual estimates of the Commissioners of the District of Columbia, the first reimbursement to be made on June 30, 1941: *Provided further*, That whenever the District of Columbia is under obligation by virtue of the provisions of section 4 of Public Act No. 284, Seventy-first Congress, reimbursement under that act shall be not less than \$300,000 in any one fiscal year.

SEC. 4. That the Commissioners of the District of Columbia shall submit with their annual estimates to the Congress a report of their activities and expenditures under section 1 of this act.

SEC. 5. That the Commissioners of the District of Columbia are not authorized to borrow any further sum or sums under the provisions of an act of Congress known as Public Law No. 465, Seventy-third Congress, approved June 25, 1934, as amended by Public Law No. 51, Seventy-fourth Congress, approved May 6, 1935.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 10688) was laid on the table.

ZONING OF THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 9844) providing for the zoning of the District of Columbia and the regulation of the location, height, bulk, and uses of buildings and other structures and of the uses of land in the District of Columbia, and for other purposes, with Senate amendments, and ask unanimous consent to concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "and" and insert "or."
 Page 2, line 3, strike out "and distribution."
 Page 2, line 20, after "prevent", insert "the undue concentration of population and."
 Page 2, line 23, after "prosperity", insert "protection of property."
 Page 3, line 20, strike out "thereon, at least 15" and insert "thereon. At least 30."
 Page 3, line 21, strike out "which shall be published" and insert "such hearings shall be published at least once."
 Page 4, line 3, after "hearing", insert "The Zoning Commission shall give such additional notice of such hearing as it shall deem feasible and practicable. At such hearing it shall afford any person present a reasonable opportunity to be heard. Such public hearing may be adjourned from time to time and if the time and place of the adjourned meeting be publicly announced when the adjournment is had, no further notice of such adjourned meeting need be published."

Page 4, line 13, after "Columbia" insert ", all of whom shall be persons experienced in zoning practice and shall serve without additional compensation."

Page 5, strike out lines 5 to 23, inclusive, and insert:

"Sec. 7. The lawful use of a building or premises as existing and lawful at the time of the original adoption of any regulation heretofore adopted under the authority of the aforesaid act of March 1, 1920, or, in the case of any regulation hereafter adopted under this act, at the time of such adoption, may be continued although such use does not conform with the provisions of such regulation, provided no structural alteration, except such as may be required by law or regulation, or no enlargement is made or no new building is erected. The Zoning Commission may in its discretion provide, upon such terms and conditions as may be set forth in the regulations, for the extension of any such nonconforming use throughout the building and for the substitution of nonconforming uses."

Page 6, line 7, strike out all after "members" down to and including "District", in line 9, and insert "each of whom shall have been a resident of the District of Columbia for at least 3 years immediately preceding his appointment and at least one of whom shall own his own home."

Page 7, line 10, after "Commission", insert "after public hearing thereon as provided in section 3."

Page 8, line 7, after "aggrieved", insert "or organization authorized to represent such person."

Page 8, line 17, after "appeal", insert ": Provided, That no citizens' association, or association created for civic purposes and not for profit shall be required to pay said fee. There shall be a public hearing on appeal."

Page 9, after line 20, insert:

"(4) In exercising the above-mentioned powers the Board of Adjustment may, in conformity with the provisions of this act, reverse or affirm, wholly or partly, or may modify the order, requirement, decision, determination, or refusal appealed from or may make such order as may be necessary to carry out its decision or authorization, and to that end shall have all the powers of the officer or body from whom the appeal is taken."

Page 9, after line 23, insert:

"Nothing herein contained shall prohibit the Zoning Commission from providing by regulation for appeals to it from any action of the Board of Zoning Adjustment."

Page 10, line 7, strike out "substantially."

Page 10, line 11, strike out "substantial."

Page 10, line 14, strike out "substantial."

Page 10, line 21, strike out "substantially."

Page 11, line 3, strike out "substantially."

Page 13, line 9, after "map", insert "The words 'administrative decision', 'administrative officer', 'administrative officer or body', when used in section 8 of this act shall not be deemed to include the Zoning Commission."

Page 13, lines 23 and 24, after "however", insert "That the compensation of any member shall not exceed \$1,000 per annum: And provided further."

Page 14, after line 2, insert:

"Sec. 16. The provisions of this act shall not apply to Federal public buildings: Provided, however, That, in order to insure the orderly development of the National Capital, the location, height, bulk, number of stories, and size of Federal public buildings in the District of Columbia and the provision for open space in and

around the same will be subject to the approval of the National Capital Park and Planning Commission."

Page 14, after line 2, insert:

"Sec. 17. If any provision contained in this act be declared invalid, such invalidity shall not be deemed to affect or impair the validity of the remainder or of any other part of this act."

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AMENDMENT OF SECTIONS 729 AND 743 OF THE DISTRICT OF COLUMBIA CODE

Mr. PALMISANO. Mr. Speaker, I call up the bill (S. 3754) to amend sections 729 and 743 of the Code of Laws of the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 729 (31 Stat. 1306) and 743 (31 Stat. 1309) of chapter XVIII of the Code of Laws of the District of Columbia are amended as follows:

That the first sentence of the said section 729 be amended so as to read as follows: "The capital stock of every such company shall be divided into shares of \$100 each, or into shares of such less amount as may be provided in the certificate of incorporation or amendment thereof."

That the title of the said section 743 be amended to read as follows: "Increase or decrease of capital stock."

That the said section 743 be amended by adding at the end thereof the following new paragraph:

"Any company transacting the business of a trust company heretofore or hereafter organized or operating under the provisions of this subchapter may by the vote of shareholders owning two-thirds of its capital stock reduce its capital to any sum not below the amount required by this subchapter; but no such reduction shall be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by said Comptroller of the Currency, and no shareholder shall be entitled to any distribution of cash or other assets by reason of any reduction of the common capital of any such corporation unless such distribution shall have been approved by the Comptroller of the Currency and by the affirmative vote of at least two-thirds of the shares of stock outstanding."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. SIGFRIED SPEYER

Mr. PALMISANO. Mr. Speaker, I call up the bill (S. 3694) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Sigfried Speyer, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding any limitation relating to the time within which an application for a license must be filed or to the granting of licenses on a reciprocal basis in the jurisdiction from which the applicant came, the Commission on Licensure to Practice the Healing Art in the District of Columbia is authorized to issue a license to practice the healing art in the District of Columbia to Dr. Sigfried Speyer, of Washington, D. C., if found qualified in accordance with the provisions of section 25 of the Healing Arts Practice Act, District of Columbia, 1928.

Mr. COLLINS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: On page 1, line 10, after the word "Speyer", insert "Dr. Luther Fete", and amend the title by adding after the name "Speyer", "Dr. Luther Fete."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Sigfried Speyer and Dr. Luther Fete."

SOCIETY OF AMERICAN FLORISTS

Mr. PALMISANO. Mr. Speaker, I call up the bill H. R. 10380, to amend the act entitled "An act to incorporate the Society of American Florists and Ornamental Horticulturists within the District of Columbia," which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to incorporate the Society of American Florists and Ornamental Horticulturists within the District of Columbia," approved March 3, 1901 (31 U. S. Stat. L., ch. 876, p. 1453), is amended to read as follows:

"SECTION 1. That James Dean, of Freeport; Charles W. Ward, of Queens; William Scott, of Buffalo; and Charles Henderson, of New York City, all in the State of New York; William J. Stewart, Michael H. Norton, and Patrick Welch, of Boston; Edmund M. Wood, of Natick; and Lawrence Cotter, of Dorchester, all in the State of Massachusetts; Edward G. Hill, of Richmond, in the State of Indiana; John N. May, of Summitt, John G. Esler, of Saddle River; Patrick O'Mara, of Jersey City; William A. Manda, of South Orange, all in the State of New Jersey; Benjamin Durfee, William R. Smith, William F. Gude, and Henry Small, Jr., of Washington, in the District of Columbia; Willis N. Rudd, of Chicago; Emil Buettner, of Park Ridge; John C. Vaughan, of Chicago, all in the State of Illinois; Joseph A. Dirwanger, of Portland, in the State of Maine; Robert Craig, Edwin Lonsdale, W. Atlee Burpee, and John Burton, of Philadelphia; H. B. Beatty, of Oil City; and William Falconer, of Pittsburgh; all in the State of Pennsylvania; George M. Kellogg, of Pleasant Hill, in the State of Missouri; John T. D. Fulmer, of Des Moines, and J. C. Rennison, of Sioux City, in the State of Iowa; L. A. Berckmans, of Augusta, in the State of Georgia; H. Papworth, of New Orleans, in the State of Louisiana; Elmer D. Smith, of Adrian, and Henry Balsley, of Detroit, in the State of Michigan; F. A. Whelan, of Mount Vernon on the Potomac, in the State of Virginia; Adam Graham, of Cleveland, in the State of Ohio; William Fraser, of Baltimore, in the State of Maryland; John Spalding, of New London, and John Champion, of New Haven, in the State of Connecticut; and Charles M. Hoitt, of Nashua, in the State of New Hampshire, their associates and successors, are hereby created a body corporate and politic, by the name of the Society of American Florists and Ornamental Horticulturists, for the education of the general public and of members of the florist industry in the subjects of, and for the scientific development of, floriculture and horticulture in all their branches. Said corporation is authorized to adopt a constitution and to make bylaws not inconsistent with law, to hold real and personal estate in the District of Columbia and elsewhere, so far only as may be necessary to its lawful ends, to an amount not exceeding \$1,000,000, and such other estate as may be donated or bequeathed in any State or Territory: *Provided*, That all property so held, and the proceeds thereof, shall be held and used solely for the purposes set forth in the act. Said corporation shall operate without profit and any earnings and/or surplus funds that may be created through any of its educational or scientific activities shall be available only for the further accomplishment of the corporation's stated purposes. The principal office of the corporation shall be located within the confines of continental United States at such place as may be determined by the incorporators or their successors, but the annual meetings may be held in such other places as the incorporators or their successors shall determine: *Provided*, That this corporation shall not be permitted to occupy any park in the city of Washington.

"Sec. 2. That Congress reserves the right to alter, amend, or repeal this act in whole or in part."

With the following committee amendments:

Page 2, line 21, strike out "Henry" and insert "Harry."

Page 3, line 2, strike out "M" and insert the capital letter "W."
Line 5, after the word "politic", insert "within the District of Columbia."

Page 3, line 23, after the word "the", strike out the remainder of the line and all of lines 24 and 25, down to the word "but", and insert "District of Columbia."

The committee amendments were agreed to; and the bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed, and a motion to reconsider laid on the table.

HEIGHT OF BUILDINGS IN DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the bill (H. R. 9813) to amend an act regulating the height of buildings in the District of Columbia, approved June 1, 1910, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That an act entitled "An act to regulate the height of buildings in the District of Columbia", approved June 1, 1910, be, and it is hereby, amended by adding at the end of paragraph 5 of said act the following proviso: "And provided further, That the building to be erected on lots 21, 22, 23, 811, 812, A. B. in square 283, located on the southeast corner of Thirteenth Street and Massachusetts Avenue NW., be permitted to be erected to a height not to exceed 110 feet above the Thirteenth Street curb."

Mr. BREWSTER. Mr. Speaker, will the gentleman yield to me?

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Maine [Mr. BREWSTER].

Mr. BREWSTER. Mr. Speaker, this is a bill dealing with the height of buildings in the District of Columbia. It makes an exception in allowing the erection of a building downtown to the height of 110 feet at Thirteenth Street and Massachusetts Avenue. I believe everyone is concerned about the orderly development of the city of Washington. I think we are all proud of the great progress that has been made in recent years in making Washington one of the most beautiful capitals to be found in the world. That has been due in no small measure to the careful regulation of the construction and height of buildings and their control. We have a zoning law. We have adopted the zoning ordinance which permits the Commissioners to control the erection of these buildings, and the purpose for which they shall be used. Now, by legislative act, it is proposed to make an exception of one specific building at one specific location. I ask that the House shall seriously consider whether that is the way to accomplish the objective that we have in mind, whether it is not better to leave these matters to the control of existing law and ordinances as they may be developed in the zoning regulations, rather than for the House to start in making specific exceptions.

Mr. McGEHEE. Is it not true there are many other buildings in the city of Washington that are 110 feet high?

Mr. BREWSTER. I would not say many others. There are some, it is true. Certain exceptions have been made, but I believe the only way to get anywhere with zoning is to stop and stop now. As long as we go on creating exceptions, we are going to be involved in endless difficulties. Once you permit exceptions, it will make it easier for the next one and before you know it the whole orderly development of the city is going to be checked.

Mr. O'MALLEY. What is this building, and who is going to build it?

Mr. PALMISANO. I am not familiar with the details, but the bill was introduced by my colleague from Maryland [Mr. KENNEDY] and reported out by the chairman of the subcommittee [Mr. McGEHEE].

Mr. O'MALLEY. How much higher would this building be than the law now provides?

Mr. PALMISANO. About 20 feet.

Mr. COLLINS. As I understand it, it is just one story.

Mr. BREWSTER. It may be a small baby, but the principle is very great.

Mr. O'MALLEY. Oh, we have been straining at gnats all week, and 20 feet is not much.

Mr. BREWSTER. I want the House to act in full knowledge of precisely what it is doing. I predict this is only the beginning of what will create a great deal of difficulty as it goes on. We are establishing a precedent for destroying much of what we have done to make Washington the most beautiful capital to be found in the world.

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. McGEHEE].

Mr. McGEHEE. Mr. Speaker, it may be that I can clarify the situation with reference to this bill now pending before the House. The bill was introduced by the gentleman from Maryland [Mr. KENNEDY] to permit a group of people to construct an apartment house on Thirteenth Street NW., where it connects with Massachusetts Avenue, and to permit them to build it one story higher than the zoning laws in

effect now permit. There are several buildings in the city of Washington that are 110 feet high and some 120 feet high. They have been constructed, as I understand, by reason of special acts passed by Congress permitting it to be done. The reason for the Zoning Act and the limitation of the construction of buildings above a certain height in certain sections in the city of Washington was because of narrow streets, congestion of traffic, and various other reasons peculiar to an individual section.

I understand that Thirteenth Street has been widened from 40 or 50 feet at this particular point and for some distance north and south from the block on which this building is contemplated being constructed, thereby relieving the situation which would ordinarily prohibit it; that is, streets are widened so as not to cause traffic jams. This bill permits the people who contemplate constructing this apartment house to build it only one story higher than the zoning laws now permit.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. McGEHEE. I yield.

Mr. BREWSTER. I think we both are concerned with the artistic development of Washington.

Mr. McGEHEE. Certainly.

Mr. BREWSTER. We now have zoning laws regulating the construction of buildings in this city, do we not?

Mr. McGEHEE. Yes.

Mr. BREWSTER. Will the gentleman tell the House, if we grant this permit, how we are going to draw the line against other applicants for similar permits? What reason can we advance for refusing to grant a similar permit to erect a building 110, 120, or even 130 feet tall?

Mr. McGEHEE. I think it very proper that when a person or group of persons desire to construct a large building in any section of the city they should come to Congress for specific authority.

Mr. BREWSTER. Does the gentleman think the Congress should exercise the entire zoning authority for every building which is erected on any lot? Is it possible that Congress could exercise such authority?

Mr. McGEHEE. No doubt they could, for the reason that it is within the power of Congress to pass zoning laws.

Mr. BREWSTER. I am not questioning the authority, I am questioning the feasibility. Would the gentleman as a member of the Committee on the District of Columbia want to pass on every structure that was erected anywhere in the city?

Mr. McGEHEE. I certainly would because I am as much interested in maintaining the beauty of this city as the gentleman or any of its citizens.

Mr. BREWSTER. I believe so.

Mr. McGEHEE. I think as long as Congress has jurisdiction over the District of Columbia it should have the power to say whether or not certain buildings should be constructed.

I may say to the gentleman that the building that is to be erected on this site will do away with a number of undesirable small houses that now shelter undesirable women.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. McGEHEE. I yield.

Mr. BLOOM. This thing has been done before.

Mr. McGEHEE. Certainly.

Mr. BLOOM. It is nothing new. And the situation is just the same as it is in any other city.

Mr. McGEHEE. I stated that to the Members a minute ago.

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. McGEHEE. I yield.

Mr. FITZPATRICK. If this bill passes, will the Zoning Commission have any option in the matter, any veto power, or will it be mandatory on them to grant the application?

Mr. McGEHEE. The Commission must pass on it also.

Mr. FITZPATRICK. What I am asking is whether they have any veto power over it or whether this will be mandatory on the Commission.

Mr. McGEHEE. No; it means that the person will have the right to erect the building to this height.

Mr. FITZPATRICK. Then it will be mandatory. It does not give the Commission the option they otherwise would have.

Mr. McGEHEE. The Commission does not object, they are favorable.

Mr. FITZPATRICK. Then they will not have a veto power in this case?

Mr. McGEHEE. No, certainly not; because Congress has the veto power.

Mr. PALMISANO. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TAXICAB LIABILITY, DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 7084) to provide that all cabs in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes.

The Clerk read the title of the bill.

CALL OF THE HOUSE

Mr. O'MALLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PALMISANO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 118]

Amle	Curley	Hoffman	Randolph
Andrews	Deen	Hook	Reed, N. Y.
Ashbrook	Dempsey	Jarman	Richards
Atkinson	De Muth	Johnson, Minn.	Ryan
Beiter	Dickstein	Lemke	Satterfield
Boehne	Ditter	Lewis, Md.	Scrugham
Buckley, N. Y.	Dockweiler	McAndrews	Shafer, Mich.
Caldwell	Doughton	McClellan	Shanley
Cartwright	Douglas	McGranery	Smith, Okla.
Champion	Fernandez	McMillan	Stack
Clark, Idaho	Gasque	Mitchell, Tenn.	Steagall
Cochran	Goldsborough	Mouton	Sweeney
Coffee, Nebr.	Green	Murdock, Utah	Taylor, Colo.
Cole, N. Y.	Griswold	O'Connor, Mont.	Tinkham
Cooley	Hancock, N. C.	O'Day	Wearin
Crawford	Harrington	O'Neal, Ky.	Weaver
Crosby	Hendricks	Owen	White, Idaho
Culkin	Hennings	Plumley	Woodruff

The SPEAKER. Three hundred and fifty-six Members have answered to their names. A quorum is present.

Further proceedings under the call were dispensed with.

THE LATE ADNA ROMULUS JOHNSON

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I arise to announce the passing of Hon. Adna Romulus Johnson, of Ironton, Ohio. Mr. Johnson died last Saturday afternoon, June 11, at his home in Ironton, Ohio.

Mr. Johnson was born in Sweet Springs, Saline County, Mo., December 14, 1860, and moved with his mother to Lawrence County, Ohio, in 1864, where he lived practically all his life. He served as a Member of this House during the Sixty-first Congress from March 4, 1909, to March 3, 1911. He represented what was then the Tenth Congressional District of Ohio, comprising the counties of Gallia, Lawrence, Jackson, Scioto, Pike, and Adams. The boundaries of the congressional districts in Ohio have been changed since then. Three of the counties that he represented are now a part of the district which I have the honor to represent.

Mr. Johnson was a prominent man, and for the past 50 years was a prominent figure in the political activities of the State of Ohio. He was also an eminent lawyer. His practice

was wide and varied, and carried him into all the courts, both State and Federal.

He leaves a widow, Elizabeth Schrader Johnson, and three sons, Adna R. Johnson, Jr., Newton Johnson, and Donald Johnson.

COMMITTEE ON ACCOUNTS

Mr. WARREN. Mr. Speaker, I ask unanimous consent that the Committee on Accounts may be permitted to sit during the sessions of the House for the remainder of this session of Congress.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

INSURANCE OF TAXICABS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent that the statement on the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

(To accompany H. R. 7084)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 8, 9, 11, 12, 14, 15, 16, 17, and 18; and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 7, of the House bill strike out "surety or"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 17, of the House bill strike out "bond or undertaking or"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: On page 2, line 15, of the Senate engrossed amendments strike out "at" and insert "and"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: On page 3, line 13, of the House bill strike out "twenty" and insert "ten"; and on page 3, line 14, of the House bill, strike out "or termination"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"Sec. 3. Any corporation, company, association, joint-stock company or association, partnership or person, and any lessee, trustee or receiver, who violates any of the provisions of this act, or the regulations lawfully promulgated thereunder, shall, upon conviction, be punished by a fine of not more than \$300 or by imprisonment for not more than ninety days, and by cancellation of license. For violations of this act, the Commissioners of the District of Columbia are authorized to suspend or revoke licenses issued under paragraphs 31 (c), (d) and (e) of section 7 of the act entitled 'An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes', approved July 1, 1902, as amended; and any such suspension or revocation may be without prior conviction."

"Sec. 4. This act shall take effect on January 1, 1939."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

VINCENT L. PALMISANO,

JACK NICHOLS,

EVERETT M. DIRKSEN,

Managers on the part of the House.

M. E. TYDINGS,

HERBERT E. HITCHCOCK,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1, 2, 6, 7, 11, 15, and 17: The House bill provided that every person operating a motor vehicle for hire in the District of Columbia should be required to file with the Public Utilities Commission for each such vehicle a bond or policy of liability insurance or certificate of insurance in a solvent and responsible surety or insurance company authorized to do business in the District. It was also provided that any owner of a public vehicle required to file such a bond or policy might in lieu thereof file a blanket bond or policy in an amount not to exceed \$75,000 or create and maintain a sinking fund not in excess of that amount. The blanket bond or policy, or the sinking fund if that was created, was to cover all vehicles operated by the same owner.

The Senate amendments provided merely for the filing with the Public Utilities Commission of insurance policies, and the provisions of the House bill with respect to bonds, blanket bonds, blanket policies, and sinking funds were eliminated. The conference adopts the policy of the Senate amendments.

On amendments Nos. 4, 5, 12, 14, and 16: These amendments are purely clarifying. The House recedes.

On amendment No. 3: This amendment added a provision that any insurance company authorized to do business in the District which issued insurance policies for the purpose of the bill should be a company subject to the act of March 4, 1922, relating to the organization and operation of mutual insurance companies. The House recedes.

On amendments Nos. 8 and 9: The House bill provided that the bond or policy issued for the purposes of the act might limit the liability of the surety or insured on any one judgment to \$5,000 for bodily injuries or death and \$1,000 for damage to or destruction of property.

These Senate amendments provide that the insurance policy shall limit the liability of the insurer on any one judgment to "not less than" \$5,000 for bodily injuries or death and "not less than" \$1,000 for damage to or destruction of property. The House recedes.

On amendment No. 10: The House bill provided that any policy of liability insurance shall be issued only by insurance companies authorized to do business in the District and that any surety bond or undertaking should be insured by a corporate surety approved by the Superintendent of Insurance of the District. The Superintendent of Insurance was also authorized to make reasonable rules and regulations relating to the rating of taxicab insurance and was empowered to determine the maximum rates to be charged on such insurance. This amendment requires each insurance company authorized to do business in the District or the rating organization of which it is a member or subscriber to file with the Superintendent of Insurance every rate manual, schedule of rates, rating plan, and other information concerning insurance required by this act. It also prohibits unfair discrimination in cases where the risks are essentially the same. The superintendent is also authorized, after notice and hearing, to order the removal of any unfair discrimination in rates and to order an adjustment of rates whenever he finds that an excessive, inadequate, or unreasonable profit will be produced. The House recedes with a clarifying amendment.

On amendment No. 13: The House bill provided that no bond or insurance policy should be canceled unless not less than 20 days prior to such cancellation notice of intention was filed in writing with the Public Utility Commission. This amendment strikes out 20 days and inserts 10 days, and the House recedes with a further clarifying amendment.

On amendment No. 18: This amendment requires all vehicles subject to the provisions of the act to be kept in a clean, sanitary, good mechanical condition at all times, subject to regulations of the Public Utilities Commission and the Traffic Act of March 3, 1925. The House recedes.

On amendment No. 19: This amendment, in addition to the penalties provided by the House bill, provides for canceling the license of any person violating the act. The Commissioners of the District are also authorized, in cases of violation of the act, to suspend or revoke licenses issued under paragraphs 31 (c), (d), and (e) of section 7 of the act of July 1, 1902, as amended, and any such suspension or revocation may be without prior conviction. The House recedes with clarifying amendments, and with an amendment making January 1, 1939, the effective date of the act.

The House recedes from its disagreement to the amendment of the Senate to the title of the bill.

VINCENT L. PALMISANO,

JACK NICHOLS,

EVERETT M. DIRKSEN,

Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, may I call the attention of the Members of the House to the fact that this is a bill providing for insurance of taxicabs in the District of Columbia.

It provides that each taxicab operated in the District of Columbia shall be on a par with associations that may operate a hundred or a thousand taxicabs in the District. This will be discussed by various Members who may be in favor of the bill or opposed to the bill.

Mr. Speaker, I reserve the balance of my time, and yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. There has been a good deal of discussion as to whether or not this bill will deprive many men who are making a living driving taxicabs of the opportunity to make a living. It has been stated that the adoption of the conference report will deprive some of these men who are now earning a living of the opportunity so to do, and will put them on relief. What is the exact situation? Will the gentleman explain that?

Mr. DIRKSEN. I will explain that to the gentleman.

Mr. Speaker, the conference report presented to you today does not differ essentially from other substitutive matters carried in the bill heretofore. As will be remembered, when the bill passed the House it provided alternative forms of insurance. First of all, on a unit cab basis; and, second, by means of a blanket policy or a blanket bond whereby the cost of insurance to larger associations operating 100, 300, or 1,000 cabs, or any other number, might be infinitely cheaper than on a unit cab basis. Such blanket bond or policy would have to be approved by the Public Utilities Commission.

In that form the bill left the House. When it got over to the Senate, that body struck out the alternative proposal, so that virtually it was reduced to the unit cab basis. The bill went to conference and then the fuss began.

Frankly I do not know what the equities of the situation are today. We have heard a lot of testimony. I have been buttonholed by first this person, then that person, and I swear to you I do not know just exactly what the difficulty is at the present time. I opposed the bill before when it was considered by the House, because I did not like the idea of spending \$1,500,000 to be paid to insurance companies for the taxicab business of the District of Columbia or for those who are operating here for whatever might be involved. That looked like a huge and unnecessary outlay in order to provide the public with proper and adequate protection.

It seems that there is a labor element involved and that one group would like to preserve the benefits of group or blanket insurance. The blanket bond or blanket policy as recited in the conference report, since this plan has been reduced to a unit cab basis, falls with equal weight and equal burden upon every taxicab operator in the District of Columbia. It would seem, therefore, that while we are doing justice over on this side we are reducing everybody to a common denominator and taking away, of course, the opportunity of large associations to file a blanket bond or blanket policy to the extent say of \$75,000 with the Public Utilities Commission, therefore, having to pay a considerable excess for insurance that may otherwise not be necessary.

Mr. NICHOLS. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. May I point out that under the bill as now written, of course, blanket policies of insurance can be taken out for fleets of taxicabs.

Mr. O'MALLEY. But on a unit cab basis.

Mr. DIRKSEN. Frankly I do not know whether it is going to drive anybody out of business or not. It may. I fancy there are some who ought to be driven out. For instance, it is alleged that we have 450 Government workers who in their spare time are driving taxicabs today. It seems to me there is something wholly inequitable about that. If a man is on Uncle Sam's pay roll, he should not be taking bread from some jobless person by driving a taxicab in his spare time. Of course, he may have a wife and children who need support. He may be paying interest every month on a mortgage in order to buy his home. I realize all of that, but we are in a situation today of trying to spread work as much as possible. Therefore, some may be driven out.

Others may be driven out if they do not have enough income with which to pay this insurance.

Frankly I do not know. Experience alone will determine the effect. On the other side of the ledger you have this situation: You have a town of 650,000 people who are unprotected. You have 4,300 taxicabs, more or less, operating today without any public liability whatsoever. Much might be said on that side. When you come to draw a bill that will be satisfactory to the public, to the citizens' associations, to the automobile associations, to the taxi drivers, to the insurance people, and to those who operate great fleets of cabs, you have an almost impossible job on your hands. I say to you for one that no conference report and no bill that we can bring into this House is going to be satisfactory to everybody. That is the situation. I am not going to urge it one way or another. I am going to submit the matter entirely to the House and let it exercise its own responsibility in that respect.

Mr. LEWIS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Will the gentleman explain just what this conference report provides in regard to the methods of insurance?

Mr. DIRKSEN. I do not want to take any more time, because the gentleman from Oklahoma is going to explain a little bit further, so I will yield my time and let him explain.

Mr. LEWIS of Colorado. I trust the gentleman from Oklahoma will explain the matter.

Mr. DIRKSEN. The thing has been bandied about here so often that I thought everybody was thoroughly familiar with the provisions of the bill.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, the last time this conference report was up for consideration the House by an overwhelming vote defeated it upon a record vote. On page 11685 of the RECORD of Friday, June 10, I have done all I can to present to the House labor's side of this problem. In the RECORD at that point you will find a letter from the Central Labor Union, a letter from the A. F. of L. national representative, and the amendment that the labor union in the taxicab industry offered to the conferees as a compromise that would not destroy the jobs of the workers, as this conference report would do.

There is not much more to say about this conference report except that it comes back here with somewhat different wording, but it does the same thing that the original Senate amendments did, and, though the wording is changed, the penalizing principle is entirely retained.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from California.

Mr. FORD of California. Is not this bill as it is drawn now merely going to afford an opportunity for a lot of fly-by-night insurance companies to come in and write insurance, and then you will not be able to collect a dollar from them?

Mr. O'MALLEY. The gentleman is absolutely correct. An insurance company under the present laws of the District of Columbia can incorporate for \$10,000 and take these premiums, amounting to millions of dollars a year, away from the cab drivers, taking the money out of their pockets, not the pockets of the associations, but the pockets of the workingmen. Then if the insurance companies get one judgment against them they can fold up and go through bankruptcy, and their backers will be gone far away from the District with hundreds of thousands of dollars of premiums taken from the men and the litigant holds the bag. If this conference report is adopted, it will cost one company that has union drivers \$1,750,000 a year at least in premiums.

Mr. NICHOLS. What company is that?

Mr. O'MALLEY. I believe it is the Premier Cab Co., I may say to the gentleman.

Under the cash-bond proposition which has been brought in here, it will cost one company at least \$438,000 a year to put up a cash bond and maintain it on the unit-bond basis. This unfair measure will put out of business at least 2,500 cab drivers in this District.

There is need for liability insurance, I agree. I hope we can get a bill in here that will provide for that need. The House bill did it, but someone, some inveterate enemy of labor, has prevented for weeks any compromise that would allow the workman from even getting a show in this matter. Whoever would enrich some insurance company by at least \$3,000,000 worth of premiums a year has certainly done a good job in working out a report that would do that very thing. Consumer protection can be obtained without enriching insurance racketeers.

We face this alternative today. We either vote down this conference report again, as we did once before, and compel whoever these elements are that are fighting to destroy labor to at least give fair consideration to labor and to the workman before any law is enacted. Let us not leave these Halls when Congress adjourns knowing we are putting 2,500 to 3,000 more men on the relief rolls of this District. A real bill can only be worked out with proper time for study, which will be next session.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I may say to the gentleman from Milwaukee and for the benefit of the House that what the gentleman says about a mutual company being able to incorporate at \$10,000 and write insurance is correct. I may say also it is almost impossible to write a bill, unless it might be called an insurance bill. Of course, the rates are not made in Washington. The rates are made by the Rating Bureau. As I pointed out before, the rates will run up to \$360 a year.

Mr. O'MALLEY. Three hundred and sixty-five dollars per cab per year. Under the proposed conference report the rates will run up that high. The drivers can put up a cash bond. That is what we asked, and that is what labor asked; but they have worded this report so that the cash bond has to be put upon a unit basis, so much insurance for each cab. They have worked it to harm organized cab drivers and strike directly at their welfare. Let me say right here and now that I am for organized workers, including cab drivers, whenever they legitimately try to improve their conditions. I want them to get a fair deal whether they belong to an association or not. The drivers ought to be organized, and they should not be penalized for organizing, as this report would do.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Texas.

Mr. McFARLANE. In other words, this bill on which we are again asked to vote is a bill that ought to be entitled "An act to help the insurance companies."

Mr. O'MALLEY. Or an act to put out of business the union cab drivers and the organized workers who have guts enough, when they cannot get work some other place, to drive a cab and stay off relief rolls thereby. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. SCHULTE].

Mr. SCHULTE. Mr. Speaker, I do not like to differ with my friends on this committee relative to taxicab insurance. I believe we are all agreed that there should be some kind of insurance carried by the taxicab drivers in the District of Columbia. No one denies this fact, but I am not going to be a party or take any part in the conniving that is going on here to enrich the insurance companies to the extent of \$1,533,000 at the expense of the taxicab drivers.

The sum and substance of it all is that we have today in the District of Columbia 6,200 men and women who are earning their living driving taxicabs on the streets of the District of Columbia. We have 4,200 cabs on the streets

operating today, and their insurance today amounts to about \$60 apiece, yet some fly-by-night insurance man is in the District here today who has been lobbying industriously trying to put this thing over on an unsuspecting public; and, Mr. Speaker, any reliable insurance company that undertakes to insure taxicabs wants \$365 a year apiece; in other words, they do not want the insurance; yet the mutual insurance laws in the District are so flimsy that all that is necessary is \$10,000; and we took the House bill and agreed to accept \$75,000 for any fleet insurance; but this provision was rewritten in the Senate. Now we have 4,200 taxicabs in the District of Columbia. Now, 4,200 times \$365 is \$1,533,000 in premiums going to the fly-by-night insurance companies. In addition to this, if the conference report is accepted you are going to drive from the streets of the District of Columbia about 1,200 cabs, with the result that you will have 1,200 men who are now making a bare existence put on the relief rolls. This is the sum and substance of the taxicab bill as it now stands.

I say in fairness to all those interested, as well as in fairness to the District of Columbia, let us vote down the conference report in spite of some of the eloquent pleas you are going to hear on the floor about accepting this report in order to protect them. But it will not do that; it will harm them.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. I will be pleased to yield to my good friend from Wisconsin.

Mr. O'MALLEY. It has been said here that you cannot write a taxicab-liability bill without insurance companies getting in it. I want to refer the gentlemen to the ordinances of my own city that allow any number of cab drivers or any company or association to put up a cash bond, and when the bond falls below what the ordinance requires their license can be revoked unless they pay any judgment.

Mr. SCHULTE. They tell you that the taxicab companies can go into the insurance business under this agreement. Do not let them josh you about that. The thing to do at this particular time is to vote down the conference report. They wait until the last moment to bring in this bill and hope to have it passed in a hurry. Now, I believe the proper solution of this question for the protection of everyone concerned is to vote down this conference report, and when we come back next year let us write a real insurance bill that will protect everyone and not write one for the benefit of the insurance companies or the fly-by-nights who are now trying to operate in the District of Columbia with nothing at stake.

Mr. MEEKS. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. I would be glad to yield to my friend from Illinois.

Mr. MEEKS. The statement has been made here that 450 Government employees are driving taxicabs in the city here. Does this bill undertake to deal with them in any way?

Mr. SCHULTE. In no way whatsoever.

Mr. MEEKS. They still would have the right to remain in competition with taxicab drivers who are in the business permanently?

Mr. SCHULTE. Absolutely; and I may say to my friend that there are any number of boys in the District of Columbia who are going to school and driving taxicabs. There are any number of boys in the District of Columbia who are employed by the Government getting the lowest salary the Federal Government pays and yet are trying to make both ends meet by driving taxicabs at night.

I hope the House will vote down the conference report. [Applause.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Speaker, I probably am the only Member of the House that has made a business of writing taxicab insurance. At one time in Minnesota, a few years ago, I wrote many of the taxi policies in that State. In the first place under this bill, no conference casualty company is going to write this business. It is extra hazardous. They cannot write it; and if they are going to write it, they

will have to charge a premium of \$450 to \$500, as they have found out from experience. Under this bill as it is written, the only way that you will write taxicab insurance in the District of Columbia is under a mutual law, and when you write it under mutual insurance laws you write it on the basis of contingent liability; and when you write cab insurance, the first thing you have to set up is your nuisance factor in the taxicab game. You have to be prepared as an operator or as a special agent for the insurance company writing this list to write as high as \$250 check for the nuisance factor. That is called a nuisance law factor.

In 1931 I wrote to 100 cities in the United States on this question of taxicab insurance for the city of Minneapolis. We have a dual set-up. We have a policy set-up as it is in this report, and we also have a bond or a reserve set-up. If you write your policy in an insurance company, you cannot write it in a conference company. You may be able to write it in a mutual company, and in 1931 in the city of New York not one conference company was writing taxicab insurance, but there were 14 contingent liability mutuals that were writing it, and the situation is this: If the going gets too tough for the contingent mutual company, they assess the other policyholders to pay the claim, and if your reserve is not large enough they go into bankruptcy and you wind it up, and from the department or the officer or the commissioner of insurance over a period of years to get a dribble of money to pay the loss.

Mr. O'MALLEY. And what happens to the money that these taxicab drivers who formerly made a living now have paid into those mutual companies?

Mr. JOHNSON of Minnesota. That goes the way of all things.

Mr. MAVERICK. Mr. Speaker, the gentleman has made an address about insurance. Is he for the bill or against the bill? As an insurance man, does he think it is good or bad?

Mr. JOHNSON of Minnesota. As an insurance man, I think the best bill would be the conference report plus the House bill.

Mr. MAVERICK. But we have to vote this up or down.

Mr. JOHNSON of Minnesota. As this thing is now, I would vote it down, for the welfare of the people of the District of Columbia.

Mr. PALMISANO. What does the gentleman mean by the House bill?

Mr. JOHNSON of Minnesota. I mean the original bill passed here.

Mr. PALMISANO. And what is the special provision? I would like the gentleman to tell the House.

Mr. JOHNSON of Minnesota. I think the best safety set-up that you can get—and insurance men call this the safety factor—is to set up a check-off system, whereby a driver each month pays into his association a certain sum; and you should never let the reserve drop below perhaps \$50,000 or \$75,000. You have your own safety men; you have your own adjusters that will go out and settle those claims; but you must keep one thing in mind, and that is to always have enough money in there so that you can pay the adjudicated claims that arise during the transactions of the company.

Mr. O'MALLEY. And that is what is being done right now by all organized cab drivers in this District and has been done for years.

Mr. JOHNSON of Minnesota. It is being done in many cities of the United States.

Mr. PALMISANO. And would the gentleman regulate that pro rata payment by some Government official, so that all taxicab drivers would pay share and share alike, instead of considering an association as against one or two people?

Mr. JOHNSON of Minnesota. I would write one provision in this bill whereby under the taxicab inspector of the police department of the city of Washington any cab driver who has an unpaid claim against him should have his license revoked, and that license should not be reissued until such time as he made full and fair settlement of the claim.

Mr. O'MALLEY. And this committee has had the right to bring that kind of a bill in here, but they have never brought it in.

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. PALMISANO. Mr. Speaker, I yield 20 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, at the outset, in answer to the last statement by the distinguished gentleman from Minnesota [Mr. JOHNSON], and answering the statement made by my friend from Wisconsin [Mr. O'MALLEY], we have on the books of the District of Columbia today a law which was passed by the last Congress, and it is called the financial responsibility law. That law provides that any driver or any automobile operator, be he a taxicab driver or a private operator, shall have his license revoked if there is a judgment against him, until the judgment is paid. That is in the law now. Let me tell you how these racketeers and taxi operators have avoided that provision.

When their company or one of the individuals in their association had a judgment rendered against them, they simply formed a new association, gave it another name, and the license is issued to the new name. So, having that provision in this bill convinces me that the gentlemen do not know what they are talking about, because that is already the law.

Let me give you the history of this thing—and I do not think, surely, that my distinguished friend from Indiana, when he talks about "they conniving," and "they doing this," and "they doing that," can surely have any reference to the conferees on this bill; I do not think he does. If he does, I would like to have him be specific. Here is the real situation: When this bill was before the House previously it was voted down by the House, and it was voted down largely by reason of the fact that there was a letter read on the floor by one of the Members saying that labor was against the bill.

We went back to conference. We said: "All right, what does labor want?" I myself got permission from the Department of Labor to use in the union labor hall and there addressed 700 or 800 cab drivers in a mass meeting about this bill. I discussed nothing but the single insurance feature of the bill. I told those boys that night that whatever a majority of that meeting did would govern my actions on the conference committee. I wanted to do the thing, besides protecting the public, which would protect them. The man who was presiding over that meeting refused to let them vote after I got through with my speech. I know what the sentiment of the cab drivers in this city is, at least of those who are not affiliated with an association of cab drivers who want to do something to further the selfish interests of the association. They have always said this, and nothing else, that when a taxicab liability insurance bill is passed they simply want it to affect all cab drivers alike, that they did not want any association to have the best of it over an individual or a private cab operator. That seemed reasonable to me. I do not think there is a man or woman in this House who will not agree with me that it is a stinking shame that this is the only city remaining in the United States of anywhere near its size that does not compel the operators of motor vehicles for hire to provide some sort of protection to the public. This city does not do it. We shall be remiss in our duty, Mr. Speaker, unless we pass some sort of law which will protect your constituents and mine when they come to the city of Washington, which will protect you and me when we drive our automobiles on the street among the 5,300 taxicabs.

Mr. CASEY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. CASEY of Massachusetts. In this connection may I say that some time ago a constituent was visiting me here in Washington. She was the victim of a collision between two cabs owned by the same company, in one of which she was a passenger. The matter was placed in the hands of a lawyer and she got judgment, but could not collect. Will

the gentleman explain why it is, both cabs being owned by the same company, she could not collect when she obtained judgment?

Mr. NICHOLS. The association, of course, did not have any funds on which they could collect; they were not financially responsible. Under this bill both of those taxicabs would be compelled to carry policies of liability insurance.

My friend the gentleman from Minnesota [Mr. JOHNSON] points out that no insurance companies will write this insurance unless they make the premium prohibitive. I am frank to say that that is probably true; but it is also true in every other city in the United States; it is also true in every city that is operating under compulsory liability insurance laws. In those cities damages are paid by the mutual companies which are there organized.

The very reason the American Federation of Labor is against this bill now is because they want to have it fixed so that the American Federation of Labor can organize among themselves an association to provide protection to those people who are members of the American Federation of Labor; and I am all for that; that is all right. But if it can be organized into a company by the deposit of a cash bond which will protect those people who ride in taxicabs, why is it not a little farfetched to say that you cannot organize just as strong a mutual insurance company?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. The gentleman refused to yield to me; I cannot yield to him.

Mr. O'MALLEY. I yielded to the gentleman, and I answered his question.

Mr. NICHOLS. I yield.

Mr. O'MALLEY. The gentleman indicates that this is the only city without liability insurance on taxicabs. I hope he does not want to give the House the impression that all the other cities of the United States compel a cab driver to buy insurance policies, because that is not the fact. They allow him to place a bond.

Mr. NICHOLS. I may say to the gentleman I think a majority of the cities probably provide an alternative plan, either the purchase of insurance, the depositing of an insurance bond, or the depositing or creation of a savings fund. I think most of them follow that alternative.

Mr. O'MALLEY. That is all we asked the conferees to do.

Mr. NICHOLS. I have met with labor. There is no one will question my regard for labor.

Mr. O'MALLEY. Will the gentleman yield?

Mr. NICHOLS. I will be happy to yield to the gentleman.

Mr. O'MALLEY. The evidence of regard for labor, as labor believes, is indicated by votes.

Mr. NICHOLS. I do not agree with that statement. I am one of those Members who reserves the right to be honest and frank; then if my vote does not test my stand, I am willing to fall on the record I have made.

Mr. Speaker, I talked to the boys and they said, "We want it fixed so that every cab driver will be treated alike. We also want the provision for an insurance bond, sinking bond, or a bond put up by a surety company." I said, "All right; prepare your amendment." They did prepare it and brought the amendment to me. I went into the conference, as every one of the conferees will agree, and fought for their position. I am perfectly willing that there shall be an alternative and no labor man will question that statement.

The thing that kept us from agreeing was the Senate conferees. They said, "All right, we will go along with you on your sinking fund, we will go along with you on your surety bond, but we are going to insist that it be put on a unit basis." That is, a man will put up an insurance bond for 1 taxicab and another man will put up an insurance bond for 20 taxicabs, but the man with the 20 taxicabs will be putting up 20 times as much as the man with 1 taxicab.

That was not agreed to by labor. They said they did not want that. So we were not able to agree. Finally I was advised that labor had agreed to the Senate bill, although I was later advised that those same representatives retracted their statement. I do not know whether they agreed or not, but I was advised by Mr. Cleveland, of the American Auto-

mobile Association, and I was advised by a representative of the Washington Board of Trade, that labor had agreed with them. I find later that labor made the statement they did not agree. I took their word for it and the conference report was filed in both Houses.

Mr. WOOD. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Missouri.

Mr. WOOD. May I ask the gentleman, has anyone documentary evidence or communications, by letter or otherwise, as to what is the position of organized labor on this bill? I do not know what it is myself.

Mr. NICHOLS. I have one I will be glad to read to the gentleman. I do not know what it may be worth. This is addressed to Mr. VINCENT PALMISANO, chairman of the Committee on the District of Columbia, House of Representatives:

Special interests have confused labor's position, claiming unanimous opposition to taxicab-liability legislation.

We join with public and overwhelming majority taxi drivers demanding acceptance of pending conferees' report providing protection to Washington citizens.

Labor and Congress cannot accept responsibility for continued failure to enact legislation giving compensation for taxicab injuries and deaths.

JOHN PROCTOR,
Business Representative, Local No. 10,
International Union of Elevator Constructors.

Mr. Speaker, I do not know what that may be worth, but it is an expression of an organized labor group that came to me unsolicited.

I have another telegram I will read, although I do not know what it may be worth. This is also addressed to Mr. PALMISANO, and reads as follows:

We have written every Congressman urging passage of taxicab-liability law as agreed to by conferees' committee.

Failure to pass legislation now will leave Washington citizens without redress against taxicab injuries for another year.

All except selfish private interests unite in supporting immediate enactment.

HARRY S. WENDER,
Chairman, Safety Committee,
Federation of Citizens' Association.

Mr. HEALEY. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Massachusetts.

Mr. HEALEY. I wonder if the gentleman will tell us or give us some approximate idea what the cost of this insurance is going to be?

Mr. NICHOLS. I can do that.

Mr. HEALEY. What are the premiums to be?

Mr. NICHOLS. Mr. Speaker, the gentleman from Wisconsin [Mr. O'MALLEY], stated they would be \$365 a year, and the gentleman from Illinois [Mr. DIRKSEN], agreed. Many say it will be at least that much, which would be \$1 per day. However, I have a communication in my files from an insurance company in New York—whether they are reputable or not I do not know, although they are doing business—which says for \$24 a month they will write the individual risk.

Mr. Speaker, when we were having hearings on this bill testimony was given and agreed to by every taxi driver that the average number of calls per day in Washington is 20 trips. We agreed that if the Public Utilities Commission would raise the taxi fare in the District of Columbia 5 cents per zone, which would increase the rate from 20 cents to 25 cents, from 30 cents to 35 cents, from 50 cents to 55 cents, and from 70 cents to 75 cents, this 5-cent increase per zone will make up to the taxi driver the \$1 a day and the insurance will cost him nothing in his present operation. I may say that I am advised by the Public Utilities Commission that that will be done.

Mr. HEALEY. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Massachusetts.

Mr. HEALEY. What is the limit of liability, \$5,000?

Mr. NICHOLS. Yes; that is right.

Mr. HEALEY. For personal injuries?

Mr. NICHOLS. That is right.

Mr. HEALEY. A taxi driver, in order to buy insurance to secure himself against a \$5,000 liability, must pay \$365?

Mr. NICHOLS. I am assuming that for the sake of argument, as I want to put it on its worst basis, but I think it is all right.

Mr. FLETCHER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Ohio.

Mr. FLETCHER. I should like to ask the gentleman whether the actuaries placing that rate at a dollar a day based it on the number of accidents, and is that indicative of the grave hazard of traffic in this District?

Mr. NICHOLS. It is indicative of that. The very reason the premiums are so high is that the rate of taxi accidents is as high as it is.

Mr. FLETCHER. Then without the insurance we are running a great risk here in the District?

Mr. NICHOLS. Everyone surely is conscious of the risk we run here. There are 5,300 taxicabs operating on the streets of the District of Columbia, and I venture the assertion that 98 percent of them are financially irresponsible.

This is the real truth about this matter. There was no opposition to this taxicab legislation until Harry Davis—I am ready to call names—president of the Diamond Cab Co., sent two paid lobbyists up here. One was named Harter and the other, Dollar; neither one cares for labor or any taxi driver; all they are interested in is the filthy money they get for selling out the other taxi drivers, and Davis is paying the bill.

Mr. FLETCHER. Gonzola?

Mr. NICHOLS. No. He sent these two lobbyists to this hill, and they have been here ever since I introduced this bill, lobbying Members of Congress against this legislation; and this is the reason they do not want it: The Diamond Cab Co. now assesses its drivers 60 cents a shift, and with two shifts that is \$1.20 a day, for the privilege of driving under the Diamond emblem. It tells these drivers that this money goes into a sinking fund which insures their passengers. Talk about these taxi drivers being abused under this bill! Not only do they pay tribute of \$1.20 a day to the company, but they are compelled to buy their gasoline from it, and the company does not give the drivers the wholesale rate. No; they buy their gasoline at retail. Further, they are compelled to buy their casings and other accessories from the company. It was through the influence of Harry Davis and his lobbyists up here that a great sentiment has been built up against this bill.

I am very sorry that labor has been dragged into this matter, because, as a matter of fact, labor's only interest is that it be permitted to organize the taxi drivers, and I hope to goodness they are organized. I hope the drivers go into that organization, and then things like this cannot happen.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 additional minutes to the gentleman from Oklahoma.

Mr. LEWIS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Would not the gentleman state briefly what the House bill provided, what the Senate bill provided, and what this conference report provides?

Mr. NICHOLS. Yes.

Mr. KENNEDY of Maryland. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. In just a moment. I have to answer this question.

When we reported this bill from the House committee the bill provided a straight insurance plan, very similar to the one that is here now. When we brought the bill onto the floor of the House an amendment was offered by the gentleman from Indiana [Mr. SCHULTE] which provided for an alternative plan of putting up a cash bond or a cash sinking fund, but the amendment provided that in no case could the bond be more than \$75,000, for one cab or 10,000 cabs. The amendment was adopted by the House. When the bill went to the Senate the Senate struck out all of that

provision, not the provision as reported from our committee, but the amendment which was put into the bill on the floor. Then the bill came back to the House in just the form it is now.

As I said a minute ago, in the conference we tried to reach an agreement between everybody as to a cash bond, or the alternative of a surety bond, but the conferees could never agree, so the bill is back here now in almost exactly the form it came out of the House committee.

Under a \$75,000 or \$100,000 cash deposit, or the alternative, either a \$75,000 or \$100,000 surety bond, you will still have exactly what you have today, because no reputable surety company will give a bond upon the operation of taxicabs unless the taxicab operators put up cash collateral in the amount of the bond. If there is a single company in the District of Columbia today which has enough money to maintain a \$100,000 sinking fund and add to it as liabilities accrue against it, that company can much more cheaply and a great deal more safely employ the insurance of an insurance company, and you will have just exactly what you have now.

Mr. KENNEDY of Maryland. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Maryland.

Mr. KENNEDY of Maryland. As I understand, this proposal is for the protection of the public?

Mr. NICHOLS. That is right.

Mr. KENNEDY of Maryland. Will the gentleman inform the House what kind of insurance companies will write taxicab insurance?

Mr. NICHOLS. Nothing but mutual companies, I may say to the gentleman.

Mr. KENNEDY of Maryland. Has not the experience been that fly-by-night companies take on these risks and that when the time comes for the payment of the claims they are not in business?

Mr. NICHOLS. I am familiar with the gentleman's argument. It has been made here before. I do not know, as I am not an insurance man, but I do know that insurance companies are being organized all over the United States to write taxicab insurance.

Maybe a lot of them have gone broke, I do not know. I want to leave with you this last thought. This thing is not perfect. No law I have ever seen pass this Congress ever was perfect. Every one of them had to be amended and fixed up. All I want this House to do is to agree to this conference report and let us get the sentiment of this thing on the books, if nothing else, and let us say to the taxicab drivers in the District of Columbia, "If you are going to haul people around for hire you must protect their lives and their limbs." If this bill is not exactly in the proper form we will be back here in January and we will be here from then on, intermittently, and we can correct it by amending it. As I have said, I have never seen a perfect piece of legislation passed in the first instance. Let us take this thing and do what every one of you has agreed is right, that a man operating a taxicab for hire should protect his passengers and the public.

Mr. SMITH of Connecticut. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. SMITH of Connecticut. Has the gentleman any figures on the number of death and personal-injury cases per year that these taxicabs are involved in?

Mr. NICHOLS. They are very incomplete, I will say to my friend. The newspapers in the District of Columbia have compiled them and I may say that the figures are absolutely staggering. There is no city with a rate of accidents per taxicab any higher than here. Listen to this statement: There are 5,300 cabs here and I venture the assertion there is not another city in the United States of this size that has a number approaching 5,300 cabs—5,300 irresponsible cabs.

[Here the gavel fell.]

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record at this point and include

therein a letter from the Central Labor Union and the A. F. of L. pleading with the Congress to defeat this conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The matter referred to follows:

BAKERY AND CONFECTIONERY WORKERS'
INTERNATIONAL UNION OF AMERICA,
LOCAL UNION NO. 118 AND AUXILIARIES,
June 10, 1938.

Hon. THOMAS J. O'MALLEY,
House Office Building, Washington, D. C.

DEAR SIR: I am writing you in regard to the action of the Central Labor Union in regard to the taxicab bill now before the Congress of the United States.

Our action still stands, and the Washington Central Labor Union has not retracted its action as opposing the Senate bill.

The story in the morning newspaper is very misleading, and we want it known it is not our action, and I am speaking to you as the vice president of the Washington Central Labor Union, and this is the only way I can let you know of their action.

I remain,

Respectfully yours,

CHAS. B. McCLOSKEY,
Vice President, Washington Central Labor Union.

Congressman O'MALLEY:

My letter addressed to you under date of May 3, 1938, still stands.

W. C. HUSHING,
National Legislative Representative,
American Federation of Labor.

MAY 3, 1938.

Congressman O'MALLEY,

House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: I wish to direct your attention to the conference report on H. R. 7084, which I understand is to be considered today in the House.

This letter comes at a rather late date due to the fact that the Washington Central Labor Union did not act on the conference report until it met last night.

This bill, as you of course know, compels all taxi drivers to carry liability insurance. We find that the conference report is not in accordance with the bill as passed originally by the House, in which form it was acceptable to the Washington Central Labor Union and to the local union of drivers involved.

It is understood by those interested that if the conference report in its present form is adopted that the independent taxi owners in the District of Columbia will be put out of business, and that the larger companies, who have pressed for the passage of this bill, will be in complete control of the situation in this city. We, therefore, advocate the "blanket provision" as originally passed by the House, and would appreciate efforts made by you and our friends to achieve this purpose.

Sincerely,

WILLIAM C. HUSHING,
National Legislative Representative,
American Federation of Labor.

Mr. PALMISANO. Mr. Speaker, I yield myself 8 minutes.

I have heard considerable said here about mutual insurance companies and I have heard a number of members say that the only companies that will write taxicab insurance are mutual insurance companies. I have noticed that everyone agrees that a majority of the large cities of this country do have taxicab insurance and they are based on equality or on a unit basis. If one company has 1 or 5 taxicabs and another has 20, they pay according to the number of taxis they have, and the only contention you have here is that a company with 1,400 cabs shall put up a bond of \$75,000, and one with 4 or 5 cabs must put up \$10,000 apiece. In other words, you have the man with 5 cabs put up \$50,000 and you have the man with 1,400 put up \$75,000.

At the time we had up the House bill originally they offered me an amendment at that time to require a \$50,000 bond, and I said, "No; not under any circumstances," and then I had a suggestion from the gentleman from Indiana [Mr. SCHULTE] and under his advice I took the \$75,000 amendment and accepted it.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. No; I cannot yield now.

Mr. SCHULTE. The gentleman has mentioned my name and should certainly yield.

Mr. PALMISANO. Is not that statement true?

Mr. SCHULTE. No; it is not true and the gentleman should yield to me to explain it.

Mr. PALMISANO. Did not the gentleman propose a \$75,000 bond as an amendment to the House bill?

Mr. SCHULTE. Will the gentleman now yield?

Mr. PALMISANO. Yes; for an answer to that question.

Mr. SCHULTE. If the gentleman yields for an answer to his statement that I suggested it, I may say that the gentleman's memory is mighty short if the gentleman believes that, because the gentleman himself recommended that.

Mr. PALMISANO. Does the gentleman mean to say that he did not suggest to me in the beginning that that suggestion was given to him and then to me? Certainly, the gentleman knows that is true.

Now, the gentleman from Indiana would have you believe that he is trying to protect the Government employees who are chiseling on the poor taxicab drivers. I say with all due respect that a man who has a job today with the Federal Government ought not to chisel on the poor taxicab drivers who are working 16 and 18 hours a day to make a living.

If you put a provision in the law to apply the wage and hour provision to it you will find there will not be a taxicab driver in the District of Columbia. They are compelled to work 16 hours, and as a taxicab rider spending from 50 to 80 cents a day in riding taxicabs in the District, I may say that I am willing to permit a 5-cent raise per zone, as the gentleman from Oklahoma has suggested, and help to pay for this insurance so that you may know when your constituents, as well as mine, come here and ride in a taxicab they are going to be protected, and this is what you will have to do in order to grant them such protection.

Protect them in the same way that you would have them protected at home. Give us something to start with. This thing has been dragged around here for 10 years, and it is time that we do something to protect the public. Some time ago one of our Members was killed out here, and I say let us protect the widows and orphans wherever there is a death caused by a taxicab, and you can go home and rest assured that you have done your duty to your constituents.

There has been some talk about the rate. I have here a letter from the Eastern Mutual Casualty Co. They write taxicab insurance in Baltimore.

Mr. SCHULTE. In Baltimore?

Mr. PALMISANO. All right, but you come to Baltimore and you will find that you are protected. In Baltimore the taxicab rate is divided into four sections. The Markel Service Incorporation writes about 31 percent, the Eastern Mutual Co. writes about 31 percent, and the National Mutual Co. writes about 30 percent and the Empire Mutual Insurance Co. writes about 7 percent. Listen to this. My colleague from Indiana [Mr. SCHULTE] while he did not say so today, the last time we had this question up said that 98 percent of the losses against taxicab companies here in the District of Columbia are unpaid. Say what you will about mutual companies not paying, but let me read this to you:

We maintain a competent claims department for prompt and efficient service, and there are no judgments outstanding against the Eastern Mutual Casualty Co.

They claim in this letter that the taxicab rate in the District of Columbia would be about \$25 a month, this being due to better traffic conditions in this locality. So that I ask that this conference report be accepted, that we proceed, and if any injustice is done to the taxicab drivers in this District, I for one, if I am back here in the next Congress, will vote to correct it, because I want to do justice to the little individual taxicab driver.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 27, noes 104.

Mr. NICHOLS. Mr. Speaker, I object to the vote upon the ground that there is no quorum present.

The SPEAKER. The gentleman from Oklahoma makes the point of order that there is no quorum present and objects to the vote upon that ground. The Chair will count. [After counting.] Two hundred and forty-five Members present, a quorum.

So the conference report was rejected.

UNEMPLOYMENT INSURANCE FOR RAILROAD EMPLOYEES

Mr. CROSSER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 10127) to regulate interstate commerce by establishing an unemployment-insurance system for individuals employed by certain employers engaged in interstate commerce, and for other purposes, as amended.

The Clerk read the title of the bill.

The bill is as follows:

Be it enacted, etc.

DEFINITIONS

SECTION 1. For the purposes of this act, except when used in amending the provisions of other acts—

(a) The term "employer" means any carrier (as defined in subsection (b) of this section), and any company which is directly or indirectly owned or controlled by one or more such carriers or under common control therewith, and which operates any equipment or facility or performs any service (except trucking service, casual service, and the casual operation of equipment or facilities) in connection with the transportation of passengers or property by railroad, or the receipt, delivery, elevation, transfer in transit, refrigeration or icing, storage, or handling of property transported by railroad, and any receiver, trustee, or other individual or body, judicial or otherwise, when in the possession of the property or operating all or any part of the business of any such employer: *Provided, however*, That the term "employer" shall not include any street, interurban, or suburban electric railway, unless such railway is operating as a part of a general steam-railroad system of transportation, but shall not exclude any part of the general steam-railroad system of transportation now or hereafter operated by any other motive power. The Interstate Commerce Commission is hereby authorized and directed upon request of the Board, or upon complaint of any party interested, to determine after hearing whether any line operated by electric power falls within the terms of this proviso. The term "employer" shall also include railroad associations, traffic associations, tariff bureaus, demurrage bureaus, weighing and inspection bureaus, collection agencies, and other associations, bureaus, agencies, or organizations controlled and maintained wholly or principally by two or more employers as hereinbefore defined and engaged in the performance of services in connection with or incidental to railroad transportation; and railway labor organizations, national in scope, which have been or may be organized in accordance with the provisions of the Railway Labor Act, and their State and national legislative committees and their general committees and their insurance departments and their local lodges and divisions, established pursuant to the constitution and bylaws of such organizations.

(b) The term "carrier" means an express company, sleeping-car company, or carrier by railroad, subject to part I of the Interstate Commerce Act.

(c) The term "company" includes corporations, associations, and joint-stock companies.

(d) The term "employee" (except when used in phrases establishing a different meaning) means any individual who is or has been (i) in the service of one or more employers for compensation, or (ii) an employee representative. The term "employee" shall include an employee of a local lodge or division defined as an employer in section 1 (a) only if he was in the service of a carrier on or after August 29, 1935. The term "employee" includes an officer of an employer.

An individual is in the service of an employer whether his service is rendered within or without the United States if he is subject to the continuing authority of the employer to supervise and direct the manner of rendition of his service, which service he renders for compensation: *Provided, however*, That an individual shall be deemed to be in the service of an employer not conducting the principal part of its business in the United States only when he is rendering service to it in the United States.

(e) The term "employee representative" means any officer or official representative of a railway labor organization other than a labor organization included in the term "employer" as defined in section 1 (a) who before or after August 29, 1935, was in the service of an employer as defined in section 1 (a) and who is duly authorized and designated to represent employees in accordance with the Railway Labor Act, and any individual who is regularly assigned to or regularly employed by such officer or official representative in connection with the duties of his office.

(f) The term "part-time worker" means any employee whose contract of hire (i) provides for regular employment for less than the normal number of hours per day, or less than the normal number of days per month, or both, prevailing for the class of service which he renders to one or more employers, and (ii) does not provide that he shall be continuously subject to call for service for the normal number of hours per day and the normal number of days per month prevailing for the class of service which he renders.

(g) The term "employment" means service performed as an employee.

(h) The term "half-month" means a period of any 15 consecutive days; but, with respect to any individual, no day shall be included in more than one half-month.

(i) The term "compensation" means any form of money remuneration, including pay for time lost but excluding tips, payable for services rendered as an employee to one or more employers, or as an employee representative: *Provided, however*, That in computing the compensation payable to any employee with respect to any calendar month, no part of any compensation in excess of \$300 shall be recognized.

(j) The term "remuneration" means pay for services for hire, including pay for time lost, and tips, but pay for time lost shall be deemed earned on the day on which such time is lost. The term "remuneration" does not include (i) the voluntary payment by another, without deduction from the pay of an employee, of any tax or contribution now or hereafter imposed with respect to the remuneration of such employee, or (ii) any money payments received pursuant to any nongovernmental plan for unemployment insurance.

(k) Subject to the provisions of section 4 of this act, a day of unemployment, with respect to any employee, means a calendar day on which he is able to work and is available for work and with respect to which (i) no remuneration is payable to him, and (ii) he has, in accordance with such regulations as the Board may prescribe, registered at an employment office: *Provided, however*, That with respect to a part-time worker a calendar day on which he is not normally employed shall not constitute a day of unemployment: *And provided further*, That, with respect to any employee whose normal work shift includes a part of each of 2 consecutive calendar days, the term "calendar day," as heretofore used in this subsection, shall mean such equivalent period of 24 hours as the Board may by regulation prescribe.

(l) The term "base year" means the year with respect to which an employee's compensation is used in determining his qualification for, and the amounts of, benefits; and, with respect to any employee, shall be the last completed calendar year before the beginning of his benefit year if his benefit year begins on or after July 1 of any calendar year, and the next to the last completed calendar year before the beginning of his benefit year if his benefit year begins before July 1 of any calendar year.

(m) The term "benefits" (except when used in the term "unemployment benefits") means the money payments payable to an employee as provided in this act, with respect to his unemployment.

(n) The term "benefit year," with respect to any employee, means the 12 months' period which begins with the first day with respect to which benefits are first payable to him, and thereafter the 12 months' period which begins with the first day with respect to which benefits are next payable to him after the termination of his last preceding benefit year.

(o) The term "employment office" means a free employment office operated by the Board, or designated as such by the Board pursuant to section 12 (i), of this act.

(p) The term "account" means the railroad unemployment insurance account established pursuant to section 10 of this act in the unemployment trust fund.

(q) The term "fund" means the railroad unemployment insurance administration fund, established pursuant to section 11 of this act.

(r) The term "Board" means the Railroad Retirement Board.

(s) The term "United States", when used in a geographical sense, means the States, Alaska, Hawaii, and the District of Columbia.

(t) The term "State" means any of the States, Alaska, Hawaii, or the District of Columbia.

(u) Any reference in this act to any other act of Congress, including such reference in amendments to other acts, includes a reference to such other act as amended from time to time.

BENEFITS

Sec. 2. (a) Except as may otherwise be prescribed for part-time workers pursuant to subsection (d) of this section, a qualified employee shall be paid benefits for each day of unemployment in excess of 7 during any half month which begins after June 30, 1939.

The benefits payable to any such employee for each such day of unemployment shall be the amount appearing in the following table in column II on the line on which, in column I, appears the compensation-range containing the total amount of compensation payable to him with respect to employment in his base year:

Column I.	Column II.
Total compensation:	Daily benefit amount:
\$150 to \$199.99	\$1.75
\$200 to \$474.99	2.00
\$475 to \$749.99	2.25
\$750 to \$1,024.99	2.50
\$1,025 to \$1,299.99	2.75
\$1,300 and over	3.00

(b) The benefits provided for in this section shall be paid to an employee at such reasonable intervals as the Board may prescribe.

(c) The maximum benefits payable to an employee for unemployment within his benefit year shall not exceed eighty times the daily benefits payable to him.

(d) The Board shall prescribe regulations for determining the amount of daily benefits, and the maximum benefits during any

benefit year, to be payable to part-time workers and for determining the days of unemployment with respect to which such benefits shall be payable. Such regulations shall provide benefits reasonably proportionate to the benefits hereinbefore provided for other employees, with due regard to the compensation payable per month to a part-time worker with respect to his part-time employment, as compared with the compensation per month prevailing in the same locality for employees employed by employers for the full-time hours or days per month prevailing in the locality for the same class of service. Such regulations shall provide also for the payment of such benefits to a part-time worker only with respect to his days of unemployment in excess of a number to be prescribed with due regard to the proportion of full time which he regularly works.

(e) The provisions of section 9 of the Railroad Retirement Act of 1937 shall be applicable to benefits under this act to the same extent and in the same manner as therein provided with respect to annuities, death benefits, and pensions.

(f) No benefits shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever, nor shall the payment thereof be anticipated.

(g) If (1) benefits are paid to any employee with respect to any period, and there is later determined to be payable to such employee any remuneration with respect to such period, and (2) the person or company from whom such remuneration is payable has, before payment thereof, notice of the payment of such benefits, the remuneration so payable shall not be reduced by reason of such benefits but the remuneration so payable, to the extent of such benefits, shall be held to be a special fund in trust for the Board. The amount of such special fund shall be paid to the Board and in the collection thereof the Board shall have the same authority, and the same penalties shall apply, as are provided in section 8 of this act with respect to contributions. The proceeds of such special fund shall be credited to the account. The amount of such benefits, to the extent that it is represented in such a special fund which has been collected by the Board, shall be disregarded for the purposes of subsections (a) and (c) of this section.

QUALIFYING CONDITIONS

Sec. 3. An employee shall be qualified to receive benefits in accordance with section 2 of this act only if the Board finds that—

(a) There was payable to him compensation of not less than \$150 with respect to employment during his base year; and

(b) Within 6 months prior to his benefit year and after June 15, 1939, he has had a waiting period of at least 15 consecutive days of unemployment, or 2 half-months during each of which he had at least 8 days of unemployment. No such period shall be counted for the purposes of this subsection if unemployment benefits have been paid with respect to the whole or any part thereof under this act, any other act of Congress, or under any other unemployment-compensation law.

DISQUALIFYING CONDITIONS

Sec. 4. (a) There shall not be considered as a day of unemployment, with respect to any employee—

(i) any of the 30 days beginning with the day with respect to which the Board finds that he left work voluntarily without good cause;

(ii) any of the 45 days beginning with the day with respect to which the Board finds that he was discharged or suspended for misconduct related to his work;

(iii) any of the 30 days beginning with the day with respect to which the Board finds that he failed, without good cause, to accept suitable work available on such day and offered to him;

(iv) any of the 15 days beginning with the day with respect to which the Board finds that he was, with proper notice, called upon to report for suitable work available on such day and was able to work but was not available;

(v) subject to the provisions of subsection (b) of this section, any day with respect to which the Board finds that his unemployment was due to a stoppage of work because of a strike in the establishment, premises, or enterprise at which he was last employed, and the Board finds that such strike was commenced in violation of the provisions of the Railway Labor Act or in violation of the established rules and practices of a bona fide labor organization of which he was a member;

(vi) any of the 75 days beginning with the first day of any half-month with respect to which the Board finds that he knowingly made or aided in making or caused to be made any false or fraudulent statement or claim for the purpose of causing benefits to be paid;

(vii) any day in any period with respect to which the Board finds that he is receiving, has received, or has a right to receive compensation or other wages in lieu of notice, annuity payments, or pensions under the Railroad Retirement Act of 1935 or the Railroad Retirement Act of 1937, or old-age benefits under title II of the Social Security Act or payments for similar purposes under any other act of Congress; or he is receiving or has received unemployment benefits under an unemployment compensation law of any State or of the United States other than this act;

(viii) any day in any half-month with respect to which the Board finds that he performed at least 25 percent of the maximum employment allowable to him for a calendar month pursuant to a contract of employment providing for the determination of his compensation, wholly or partially, on a mileage basis;

(ix) any day in any calendar month with respect to which the Board finds that he had prior to such day performed at least 50 percent of the maximum employment allowable to him during such calendar month pursuant to a contract of employment providing for the determination of his compensation, wholly or partially, on a mileage basis.

(b) The disqualification provided in section 4 (a) (v) of this act shall not apply if the Board finds that—

(i) the employee is not participating in or financing or directly interested in the strike which causes the stoppage of work: *Provided*, That payment of regular union dues shall not be construed to constitute financing a strike or direct interest in a strike within the meaning of this and the following paragraphs; and

(ii) he does not belong to a grade or class of workers of which, immediately before the commencement of the stoppage, there were members employed in the establishment, premises, or enterprise at which the stoppage occurs, any of whom are participating in or financing or directly interested in the dispute: *Provided*, That if separate types of work are commonly conducted in separate departments of a single enterprise, each such department shall, for the purposes of this subsection, be deemed to be a separate establishment, enterprise, or other premises.

(c) No work shall be deemed suitable for the purposes of section 4 (a) (iii) or 4 (a) (iv) of this act, and benefits shall not be denied under this act to any otherwise qualified employee for refusing to accept work if—

(i) the position offered is vacant due directly to a strike, lock-out, or other labor dispute;

(ii) the remuneration, hours, or other conditions of work offered are substantially less favorable to the employee than those prevailing for similar work in the locality, or the rate of remuneration is less than the union wage rate, if any, for similar work in the locality;

(iii) as a condition of being employed he would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;

(iv) acceptance of the work would require him to engage in activities in violation of law or which, by reason of their being in violation of reasonable requirements of the constitution, by-laws, or similar regulations of a bona fide labor organization of which he is a member, would subject him to expulsion from such labor organization; or

(v) acceptance of the work would subject him to loss of substantial seniority rights under any collective bargaining agreement between a railway labor organization, organized in accordance with the provisions of the Railway Labor Act, and any other employer.

(d) In determining, within the limitations of section 4 (c) of this act, whether or not any work is suitable for an employee for the purposes of sections 4 (a) (iii) and 4 (a) (iv) of this act, the Board shall consider, in addition to such other factors as it deems relevant, (i) the current practices recognized by management and labor with respect to such work; (ii) the degree of risk involved to such employee's health, safety, and morals; (iii) his physical fitness and prior training; (iv) his experience and prior earnings; (v) his length of unemployment and prospects for securing work in his customary occupation; and (vi) the distance of the available work from his residence and from his most recent work.

(e) For the purposes of section 4 (a) (i) of this act no voluntary leaving of work shall be deemed to have been without good cause if the Board finds that such work would not have been suitable for the purposes of section 4 (a) (iii) and 4 (a) (iv) of this act.

CLAIMS FOR BENEFITS

Sec. 5. (a) Claims for benefits and appeals from determinations with respect thereto shall be made in accordance with such regulations as the Board shall prescribe. Each employer shall post and maintain, in places readily accessible to employees in his service, such printed statements concerning such regulations as the Board supplies to him for such purpose, and shall keep available to his employees copies of such printed statements. Such printed statements shall be supplied by the Board to each employer without cost to him.

(b) The Board is authorized and directed to make findings of fact with respect to any claim for benefits and to make decisions as to the right of any claimant to benefits. The Board is further authorized to hold such hearings, to conduct such investigations and other proceedings, and to establish, by regulations or otherwise, such procedures as it may deem necessary or proper for the determination of a right to benefits.

(c) Each claimant whose claim for benefits has been denied upon an initial determination with respect thereto, shall be granted an opportunity for a fair hearing thereon before a district board. The Board shall establish such district boards as it may deem necessary to provide for such hearings. Each district board shall consist of three members, one of whom shall be a representative of the Board, who shall serve as chairman, one of whom shall be appointed by the Board from recommendations made by representatives of employees, and one of whom shall be appointed by the Board from recommendations made by representatives of employers. Each of the latter two members shall not be subject to the civil-service laws or rules and shall be paid a per diem salary of such amount as the Board finds reasonable for each day of active service on such district board, plus necessary expenses. The Board may designate an alternate for each member of a district board to serve

in the absence or disqualification of such member. In no case shall a hearing before a district board proceed unless the chairman thereof is present. In the absence or disqualification of any other member and his alternate, the chairman shall act alone as the district board.

(d) The Board shall prescribe regulations governing the filing of cases with and the decision of cases by district boards, and the review of such decisions. The Board may provide for intermediate reviews of such decisions by such bodies as the Board may establish or assign thereto. The Board may (i) on its own motion review a decision of a district board or of an intermediate reviewing body on the basis of the evidence previously submitted in such case, and may direct the taking of additional evidence, or (ii) permit such parties as it finds properly interested in the proceedings to take appeals to the Board. Unless a review or an appeal is had pursuant to this subsection, the decision of a district board or of an intermediate reviewing body shall, subject to such regulations as the Board may prescribe, be deemed to be the final decision of the Board.

(e) In any proceeding other than a court proceeding, upon a claim for benefits, the rules of evidence prevailing in courts of law or equity shall not be controlling, but a full and complete record shall be kept of all proceedings and testimony, and the Board's final determination allowing or denying benefits, together with its findings of fact and conclusions of law in connection therewith, shall be communicated to the claimant within 15 days after the date of such final determination.

(f) Any claimant, and any railway labor organization organized in accordance with the provisions of the Railway Labor Act, of which such claimant is a member, may, only after all administrative remedies within the Board have been availed of and exhausted, obtain a review of any final decision of the Board with reference to a claim for benefits by filing a petition for review within 90 days after the mailing of notice of such decision to the claimant, or within such further time as the Board may allow, in the United States district court for the judicial district in which the claimant resides, or in the United States District Court for the District of Columbia. A copy of such petition, together with initial process, shall forthwith be served upon the Board or any officer designated by it for such purpose. Service may be made upon the Board by registered mail addressed to the chairman. Within 15 days after receipt of service, or within such additional time as the court may allow, the Board shall certify and file with the court in which such petition has been filed a transcript of the record upon which the findings and decision complained of are based. Upon such filing the court shall have exclusive jurisdiction of the proceeding and of the question determined therein, and shall give precedence in the adjudication thereof over all other civil cases not otherwise entitled by law to precedence. It shall have power to enter upon the pleadings and transcript of the record a decree affirming, modifying, or reversing the decision of the Board, with or without remanding the cause for rehearing. The findings of the Board as to the facts, if supported by evidence and in the absence of fraud, shall be conclusive. No additional evidence shall be received by the court, but the court may order additional evidence to be taken before the Board, and the Board may, after hearing such additional evidence, modify its findings of fact and conclusions and file such additional or modified findings and conclusions with the court, and the Board shall file with the court a transcript of the additional record. The judgment and decree of the court shall be final, subject to review as in equity cases.

An applicant for review of a final decision of the Board concerning a claim for benefits shall not be liable for costs, including costs of service or costs of printing records, except that costs may be assessed by the court against such applicant if the court determines that the proceedings for such review have been instituted or continued without reasonable ground.

(g) Findings of fact and conclusions of law of the Board in the determination of any claim for benefits or refund and the determination of the Board that the unexpended funds in the account are available for the payment of any claim for benefits or refund under this act, shall be, except as provided in subsection (f) of this section, binding and conclusive for all purposes and upon all persons, including the Comptroller General and any other administrative or accounting officer, employee, or agent of the United States, and shall not be subject to review in any manner other than that set forth in subsection (f) of this section.

(h) Except as may be otherwise prescribed by regulations of the Board, benefits payable with respect to any period prior to the date of a final decision of the Board with respect to a claim therefor shall be paid only after such final decision.

(i) No claimant claiming benefits shall be charged fees of any kind by the Board, its employees or representatives, with respect to such claim. Any such claimant may be represented by counsel or other duly authorized agent in any proceeding before the Board or its representatives or a court, but no such counsel or agent shall either charge or receive for such services more than an amount approved by the Board or by the court before whom the proceedings of the Board are reviewed. Any person who violates any provision of this subsection shall be punished by a fine of not more than \$10,000 or by imprisonment not exceeding 1 year.

CONCLUSIVENESS OF RETURNS OF COMPENSATION AND OF FAILURE TO MAKE RETURNS OF COMPENSATION

SEC. 6. Employers shall file with the Board, in such manner and form and at such times as the Board by regulations may prescribe, returns under oath of monthly compensation of em-

ployees, and, if the Board shall so require, shall furnish employees with statements of their monthly compensation as reported to the Board. Any such return shall be conclusive as to the amount of compensation earned by an employee during each month covered by the return, and the fact that no return was made of the compensation claimed to be earned by an employee during a particular calendar month shall be taken as conclusive that no compensation was earned by such employee during that month, unless the error in the amount of compensation returned in the one case, or the failure to make return of the compensation in the other case, is called to the attention of the Board within 4 years after the last date on which return of the compensation was required to be made.

FREE TRANSPORTATION

SEC. 7. It shall not be unlawful for carriers to furnish free transportation to employees qualified for benefits or serving waiting periods under this act.

CONTRIBUTIONS

SEC. 8. (a) Every employer shall pay a contribution, with respect to having employees in his service, equal to 3 percent of so much of the compensation as is not in excess of \$300 for any calendar month payable by him to any employee with respect to employment after June 30, 1939: *Provided, however,* That if compensation is payable to an employee by more than one employer with respect to any such calendar month, the contributions required by this subsection shall apply to not more than \$300 of the aggregate compensation payable to said employee by all said employers with respect to such calendar month, and each such employer shall be liable for that proportion of the contribution with respect to such compensation which the amount payable by him to the employee with respect to such calendar month bears to the aggregate compensation payable to such employee by all employers with respect to such calendar month.

(b) Each employee representative shall pay, with respect to his income, a contribution equal to 3 percent of so much of the compensation of such employee representative as is not in excess of \$300 for any calendar month, paid to him for services performed as an employee representative after June 30, 1939. The compensation of an employee representative and the contribution with respect thereto shall be determined in the same manner and with the same effect as if the employee organization by which such employee representative is employed were an employer as defined in this act.

(c) In the payment of any contribution under this act, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

(d) If more or less than the correct amount of the contribution required by this section is paid with respect to any compensation, then, under regulations prescribed under this act by the Board, proper adjustments with respect to the contribution shall be made, without interest, in connection with subsequent contribution payments made under this act by the same employer or employee representative.

(e) If more or less than the correct amount of the contribution required by this section is paid with respect to any compensation and the overpayment or underpayment of the contribution cannot be adjusted under subsection (d) of this section, the amount of the overpayment shall be refunded from the account, or the amount of the underpayment shall be collected, in such manner and at such times (subject to the statute of limitations properly applicable thereto) as may be prescribed by regulations of the Board.

(f) The contributions required by this act shall be collected by the Board and shall be deposited by it with the Secretary of the Treasury of the United States, 90 percent thereof to the credit of the account and 10 percent thereof to the credit of the fund.

(g) The contributions required by this act shall be collected and paid quarterly or at such other times and in such manner and under such conditions not inconsistent with this act as may be prescribed by regulations of the Board, and shall not be deducted, in whole or in part, from the compensation of employees in the employer's employ. If a contribution required by this act is not paid when due, there shall be added to the amount payable (except in the case of adjustments made in accordance with the provisions of this act) interest at the rate of 1 percent per month or fraction of a month from the date the contribution became due until paid. Any interest collected pursuant to this subsection shall be credited to the account.

(h) All provisions of law, including penalties, applicable with respect to any tax imposed by section 600 or section 800 of the Revenue Act of 1926, and the provisions of section 607 of the Revenue Act of 1934, insofar as applicable and not inconsistent with the provisions of this act, shall be applicable with respect to the contributions required by this act: *Provided, however,* That all authority and functions conferred by or pursuant to such provisions upon any officers or employees of the United States, except the authority to institute and prosecute, and the function of instituting and prosecuting, criminal proceedings, shall, with respect to the contributions required by this act, be vested in and exercised by the Board or such officers and employees of the Board as it may designate therefor.

PENALTIES

SEC. 9. (a) Any officer or agent of an employer, or any employee representative, or any employee acting in his own behalf, or any person whether or not of the character hereinbefore defined, who

shall willfully fail or refuse to make any report or furnish any information required by the Board in the administration of this act, or who shall knowingly make or aid in making or cause to be made any false or fraudulent statement or report when a statement or report is required to be made for the purposes of this act, or who shall knowingly make or aid in making or cause to be made any false or fraudulent statement or claim for the purpose of causing benefits or other payment to be made or not to be made under this act, shall be punished by a fine of not more than \$10,000 or by imprisonment not exceeding 1 year, or both.

(b) Any agreement by an employee to pay all or any portion of the contribution required of his employer under this act shall be void, and it shall be unlawful for any employer, or officer or agent of an employer, to make, require, or permit any employee to bear all or any portion of such contribution. Any employer, or officer or agent of an employer, who violates any provision of this subsection shall be punished for each such violation by a fine of not more than \$10,000 or by imprisonment not exceeding 1 year, or both.

(c) Any person who violates any provision of this act, the punishment for which is not otherwise provided, shall be punished for each such violation by a fine of not more than \$1,000 or by imprisonment not exceeding 1 year, or both.

(d) All fines and penalties imposed by a court pursuant to this act shall be paid to the court and be remitted from time to time by order of the judge to the Treasury of the United States to be credited to the account.

RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT

SEC. 10. (a) The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance account. This account shall consist of (i) 90 percent of all contributions collected pursuant to section 8 of this act, together with all interest thereon collected pursuant to section 8 of this act; (ii) all amounts transferred or paid into the account pursuant to section 13 or section 14 of this act; (iii) all additional amounts appropriated to the account in accordance with any provision of this act or with any provision of law now or hereafter adopted; (iv) a proportionate part of the earnings of the unemployment trust fund, computed in accordance with the provisions of section 904 (e) of the Social Security Act; (v) all amounts realized in recoveries for overpayments or erroneous payments of benefits; (vi) all amounts transferred thereto pursuant to section 11 of this act; (vii) all fines or penalties collected pursuant to the provisions of this act; and (viii) all amounts credited thereto pursuant to section 2 (g) or section 12 (g) of this act. Notwithstanding any other provision of law, all moneys credited to the account shall be mingled and undivided, and are hereby permanently appropriated to the Board to be continuously available to the Board without further appropriation, for the payment of benefits and refunds under this act, and no part thereof shall lapse at any time, or be carried to the surplus fund or any other fund.

(b) All moneys in the account shall be used solely for the payment of the benefits and refunds provided for by this act. The Board shall, from time to time, certify to the Secretary of the Treasury the name and address of each person or company entitled to receive benefits or a refund payment under this act, the amount of such payment, and the time at which it shall be made. Prior to audit or settlement by the General Accounting Office, the Secretary of the Treasury, through the Division of Disbursements of the Treasury Department, shall make payments from the account directly to such person or company of the amount of benefits or refund so certified by the Board: *Provided, however*, That if the Board shall so request, the Secretary of the Treasury, through the Division of Disbursements of the Treasury Department, shall transmit benefit payments to the Board for distribution by it through employment offices or in such other manner as the Board deems proper.

(c) The Board shall include in its annual report to Congress a statement with respect to the status and operation of the account.

(d) The Secretary of the Treasury is hereby directed to advance to the credit of the account such sums, but not more than \$25,000,000, as the Board requests for the purpose of paying benefits. Such sums shall be repaid from the account on January 1, 1941, or at such earlier time as the Board may, by agreement with the Secretary of the Treasury, determine.

(e) Section 904 (a) of the Social Security Act is hereby amended to read as follows:

"There is hereby established in the Treasury of the United States a trust fund to be known as the 'unemployment trust fund', hereinafter in this title called the 'fund'. The Secretary of the Treasury is authorized and directed to receive and hold in the fund all moneys deposited therein by a State agency from a State unemployment fund, or by the Railroad Retirement Board to the credit of the railroad unemployment insurance account. Such deposit may be made directly with the Secretary of the Treasury or with any Federal Reserve bank or member bank of the Federal Reserve System designated by him for such purpose."

(f) Section 904 (e) of the Social Security Act is hereby amended to read as follows:

"The fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency and the railroad unemployment insurance account and shall credit quarterly on March 31, June 30, September 30, and December 31, of each year, to each account, on the basis of

the average daily balance of such account, a proportionate part of the earnings of the fund for the quarter ending on such date."

(g) Section 904 (f) of the Social Security Act is hereby amended by adding thereto the following sentence: "The Secretary of the Treasury is authorized and directed to make such payments out of the fund as the Railroad Retirement Board may duly certify, not exceeding the amount standing to the railroad unemployment insurance account at the time of such payment."

RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

SEC. 11. (a) There is hereby established in the Treasury of the United States a fund to be known as the railroad unemployment insurance administration fund. This fund shall consist of (i) 10 percent of all contributions collected pursuant to section 8 of this act (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by subsection (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this act. Such additional amounts are hereby authorized to be appropriated.

(b) In addition to the other moneys herein provided for expenses necessary or incidental to administering this act, there is hereby appropriated to the fund such amount as the Secretary of the Treasury and the Board shall jointly estimate to have been collected or to be collectible with respect to the calendar years 1936, 1937, 1938, and 1939, from employers subject to this act, under title IX of the Social Security Act less such amount as the Secretary of the Treasury and the Board shall jointly estimate will be appropriated or has been appropriated to States or Territories pursuant to the act of Congress approved August 24 1937 (Public, No. 353, Seventy-fifth Congress), as proceeds of taxes paid by employers pursuant to title IX of the Social Security Act.

Until the amount appropriated by this subsection is credited to the fund, the Secretary of the Treasury is hereby directed to advance to the credit of the fund such sums, but not more than \$2,000,000, as the Board requests for the purpose of financing the costs of administering this act. Such advance shall be repaid from the fund at such time after the amount appropriated by this subsection is credited to the fund as the Board by agreement with the Secretary of the Treasury may determine, but not later than January 1, 1940.

(c) Notwithstanding any other provision of law, all moneys at any time credited to the fund are hereby permanently appropriated to the Board to be continuously available to the Board without further appropriation for any expenses necessary or incidental to administering this act, including personal services in the District of Columbia and elsewhere; travel expenses, including expenses of attendance at meetings when authorized by the Board; actual transportation expenses and not to exceed \$10 per diem to cover subsistence and other expenses while in attendance at and en route to and from the place to which he is invited, to any person other than an employee of the Federal Government who may, from time to time, be invited to the city of Washington or elsewhere for conference or advisory purposes in furthering the work of the Board; when found by the Board to be in the interest of the Government, not exceeding 3 percent, in any fiscal year, of the amounts credited during such year to the fund, for engaging persons or organizations, by contract or otherwise, for any special technical or professional services, determined necessary by the Board, including but not restricted to accounting, actuarial, statistical, and reporting services, without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) and the provisions of other laws applicable to the employment and compensation of officers and employees of the United States; services; advertising, postage, telephone, telegraph, teletype, and other communication services and tolls; supplies; reproducing, photographing, and all other equipment, office appliances, and labor-saving devices, including devices for internal communication and conveyance; purchase and exchange, operation, maintenance and repair of motor-propelled passenger-carrying vehicles to be used only for official purposes in the District of Columbia and in the field; printing and binding; purchase and exchange of lawbooks, books of reference, and directories; periodicals, newspapers and press clippings, in such amounts as the Board deems necessary, without regard to the provisions of section 192 of the Revised Statutes; manuscripts and special reports; membership fees or dues in organizations which issue publications to members only, or to members at a lower price than to others, payment for which may be made in advance; rentals, including garages, in the District of Columbia or elsewhere; alterations and repairs; if found by the Board to be necessary to expedite the certification to the Board by the Civil Service Commission of persons eligible to be employed by the Board, and to the extent that the Board finds such expedition necessary, meeting the expenses of the Civil Service Commission in holding examinations for testing the fitness of applicants for admission to the classified service for employment by the Board pursuant to the second paragraph of section 12 (1) of this act, but not to exceed the additional expenses found by the Board to have been incurred by reason of the holding of such examinations; and miscellaneous items, including those for public instruction and information deemed necessary by the Board: *Provided*, That section 3709 of Revised Statutes (U. S. C., title 41, sec. 5) shall not be construed to apply to any purchase or procurement of supplies or services by the Board from moneys in the fund when the aggregate amount involved does not exceed \$300. Determinations of the Board whether the fund or an appropriation for the administration of the Railroad Retirement Act of 1937 and the Railroad Retirement Act of

1935 is properly chargeable with the authorized expenses, or parts thereof, incurred in the administration of such acts, or of this act, shall be binding and conclusive for all purposes and upon all persons, including the Comptroller General and any other administrative or accounting officer, employee, or agent of the United States, and shall not be subject to review in any manner.

(d) No part of the fund shall lapse at any time, or be carried to the surplus fund or any other fund, except that at the expiration of the fiscal year 1946, and of each fiscal year thereafter, there shall be transferred from the fund and credited to the account such part as the Board deems proper of the excess, if any, of the amount credited to the fund during the preceding 7 fiscal years pursuant to section 8 (f) of this act over the total amount expended by the Board during the same period for the purpose of administering this act.

DUTIES AND POWERS OF THE BOARD

SEC. 12. (a) For the purpose of any investigation or other proceeding relative to the determination of any right to benefits, or relative to any other matter within its jurisdiction under this act, the Board shall have the power to issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence, documentary or otherwise, that relates to any matter under investigation or in question, before the Board or any member, employee, or representative thereof. Any member of the Board or any of its employees or representatives designated by it may administer oaths and affirmations, examine witnesses, and receive evidence. Such attendance of witnesses and production of evidence may be required from any place in the United States or any Territory or possession thereof at any designated place of hearing. All subpoenas may be served and returned by anyone authorized by the Board in the same manner as is now provided by law for the service and return by the United States marshals of subpoenas in suits in equity. Such service may also be made by registered mail and in such case the return post-office receipt shall be proof of service. Witnesses summoned in accordance with this subsection shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(b) In case of contumacy by, or refusal to obey a subpoena lawfully issued to, any person, the Board may invoke the aid of the district court of the United States or the United States courts of any Territory or possession, where such a person is found or resides or is otherwise subject to service of process, or the District Court of the United States for the District of Columbia if the investigation or proceeding is being carried on in the District of Columbia, in requiring the attendance and testimony of witnesses and the production of evidence. Any such court shall issue an order requiring such person to appear before the Board or its specified employee or representative at the place specified in the subpoena of the Board, whether within or without the judicial district of the court, there to produce evidence, if so ordered, or there to give testimony concerning the matter under investigation or in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof. All orders, writs, and processes in any such proceeding may be served in the judicial district of the district court issuing such order, writ, or process, except that the orders, writs, and processes of the District Court of the United States for the District of Columbia in such proceedings may run and be served anywhere in the United States.

(c) No person shall be excused from attending or testifying in obedience to a subpoena issued under this act or from complying with any subpoena duces tecum issued under this act, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, but such person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(d) Information obtained by the Board in connection with the administration of this act shall not be revealed or open to inspection nor be published in any manner revealing an employee's identity: *Provided, however,* That (i) the Board may arrange for the exchange of any information with governmental agencies engaged in functions related to the administration of this act; (ii) the Board may disclose such information in cases in which the Board finds that such disclosure is clearly in furtherance of the interest of the employee or his estate; and (iii) any claimant of benefits under this act shall, upon his request, be supplied with information from the Board's records pertaining to his claim.

(e) The Board shall provide for the certification of claims for benefits and refunds and may arrange total or partial settlements at such times and in such manner as may appear to the Board to be expedient. The Board shall designate and authorize one or more of its employees to sign vouchers for the payment of benefits and refunds under this act. Each such employee shall give bond, in form and amount fixed by the Board, conditioned upon the faithful performance of his duties. The premiums due on such bonds shall be paid from the fund and deemed to be a part of the expenses of administering this act.

(f) The Board may cooperate with or enter into agreement with the appropriate agencies charged with the administration of State, Territorial, Federal, or foreign unemployment-compensation laws or employment offices, with respect to investigations, the exchange of information and services, the establishment, maintenance, and

use of free employment service facilities, and such other matters as the Board deems expedient in connection with the administration of this act, and may compensate any such agency for services or facilities supplied to the Board in connection with the administration of this act. The Board may enter also into agreements with any such agency, pursuant to which any unemployment benefits provided for by this act or any other unemployment-compensation law may be paid through a single agency to persons who have, during the period on the basis of which eligibility for and duration of benefits is determined under the law administered by such agency or under this act, or both, performed services covered by one or more of such laws, or performed services which constitute employment as defined in this act: *Provided,* That the Board finds that any such agreement is fair and reasonable as to all affected interests.

(g) In determining whether an employee has qualified for benefits in accordance with section 3 (a) of this act, and in determining the amount of benefits to be paid to such employee in accordance with sections 2 (a) and 2 (c) of this act, the Board is authorized to consider as employment (and compensation therefor) services for hire other than employment (and remuneration therefor) if such services for hire are subject to an unemployment-compensation law of any State, provided that such State has agreed to reimburse the United States such portion of the benefits to be paid upon such basis to such employee as the Board deems equitable. Any amounts collected pursuant to this paragraph shall be credited to the account.

If a State, in determining whether an employee is eligible for unemployment benefits under an unemployment-compensation law of such State, and in determining the amount of unemployment benefits to be paid to such employee pursuant to such unemployment-compensation law, considers as services for hire (and remuneration therefor) included within the provisions of such unemployment-compensation law, employment (and compensation therefor) after June 30, 1939, the Board is authorized to reimburse such State such portion of such unemployment benefits as the Board deems equitable; such reimbursements shall be paid from the account and are included within the meaning of the word "benefits" as used in this act.

(h) The Board may enter into agreements or arrangements with employers, organizations of employers, and railway-labor organizations which are duly organized in accordance with the provisions of the Railway Labor Act, for securing the performance of services or the use of facilities in connection with the administration of this act, and may compensate any such employer or organization therefor upon such reasonable basis as the Board shall prescribe, but not to exceed the additional expense incurred by such employer or organization by reason of the performance of such services or making available the use of such facilities pursuant to such agreements or arrangements. Such employers and organizations, and persons employed by either of them, shall not be subject to the act of Congress approved March 3, 1917 (39 Stat. 1106, ch. 163, sec. 1).

(i) The Board may establish, maintain, and operate free employment offices, and may designate as free employment offices facilities maintained by (i) a railway labor organization which is duly authorized and designated to represent employees in accordance with the Railway Labor Act, or (ii) any other labor organization which has been or may be organized in accordance with the provisions of the Railway Labor Act, or (iii) one or more employers, or (iv) an organization of employers, or (v) a group of such employers and labor organizations, or (vi) a State, Territorial, foreign, or the Federal Government. The Board may also enter into agreements or arrangements with one or more employers or railway labor organizations organized in accordance with the provisions of the Railway Labor Act, pursuant to which notice of the availability of work and the rights of employees with respect to such work under agreements between such employers and railway labor organizations may be filed with employment offices and pursuant to which employees registered with employment offices may be referred to such work.

The Board shall prescribe a procedure for registration of unemployed employees at employment offices. Such procedure for registration shall be prescribed with a view to such registration affording substantial evidence of the days of unemployment of the employees who register. The Board may, when such registration is made personally by an employee, accept such registration as initial proof of unemployment sufficient to certify for payment a claim for benefits.

The regulations of the Board concerning registration at employment offices by unemployed persons may provide for group registration and reporting, through employers, and need not be uniform with respect to different classes of employees.

The operation of any employment facility operated by the Board shall be directed primarily toward the reemployment of employees who have theretofore been substantially employed by employers.

(j) The Board may appoint national or local advisory councils composed of equal numbers of representatives of employers, representatives of employees, and persons representing the general public, for the purpose of discussing problems in connection with the administration of this act and aiding the Board in formulating policies. The members of such councils shall serve without remuneration, but shall be reimbursed for any necessary traveling and subsistence expenses or on a per diem basis in lieu of subsistence expenses.

(k) The Board, with the advice and aid of any advisory council appointed by it, shall take appropriate steps to reduce and pre-

vent unemployment and loss of earnings; to encourage and assist in the adoption of practical methods of vocational training, retraining, and vocational guidance; to promote the reemployment of unemployed employees; and to these ends to carry on and publish the results of investigations and research studies.

(l) In addition to the powers and duties expressly provided, the Board shall have and exercise all the powers and duties necessary to administer or incidental to administering this Act, and in connection therewith shall have such of the powers, duties, and remedies provided in section 10 (b) (4) of the Railroad Retirement Act of 1937, with respect to the administration of said act as are not inconsistent with the express provisions of this act. A person in the employ of the Board under section 205 of the act of Congress approved June 24, 1937 (50 Stat. 307), shall acquire a competitive classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness as the Civil Service Commission may prescribe.

The Board may employ such persons and provide for their remuneration and expenses, as may be necessary for the proper administration of this act. Such persons shall be employed and their remuneration prescribed in accordance with the civil-service laws and the Classification Act of 1923, except that the Board may fix the salary of a Director of Unemployment Insurance at \$10,000 per annum: *Provided*, That in the employment of such persons the Board shall give preference, as between applicants attaining the same grades, to persons who have had experience in railroad service, and notwithstanding any other provisions of law, rules, or regulations, no other preference shall be given or recognized: *And provided further*, That certification by the Civil Service Commission of persons for appointment to any positions at minimum salaries of \$4,600 per annum, or less, shall, if the Board so requests, be upon the basis of competitive examinations, written, oral, or both, as the Board may request.

(m) The Board is authorized to delegate to any member, officer, or employee of the Board any of the powers conferred upon the Board by this act, excluding only the power to prescribe rules and regulations.

EXCLUSIVENESS OF PROVISIONS; TRANSFERS FROM STATE UNEMPLOYMENT COMPENSATION ACCOUNTS TO RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT

SEC. 13. (a) Effective July 1, 1939, section 907 (c) of the Social Security Act is hereby amended by substituting a semicolon for the period at the end thereof, and by adding: "(8) service performed in the employ of an employer as defined in the Railroad Unemployment Insurance Act and service performed as an employee representative as defined in said act."

(b) By enactment of this act the Congress makes exclusive provision for the payment of unemployment benefits for unemployment occurring after June 30, 1939, based upon employment (as defined in this act). No employee shall have or assert any right to unemployment benefits under an unemployment compensation law of any State with respect to unemployment occurring after June 30, 1939, based upon employment (as defined in this act). The Congress finds and declares that by virtue of the enactment of this act the application of State unemployment compensation laws after June 30, 1939, to such employment, except pursuant to section 12 (g) of this act, would constitute an undue burden upon, and an undue interference with the effective regulation of, interstate commerce. In furtherance of such determination, after June 30, 1939, the term "person" as used in section 906 of the Social Security Act shall not be construed to include any employer (as defined in this act) or any person in its employ: *Provided*, That no provision of this act shall be construed to affect the payment of unemployment benefits with respect to any period prior to July 1, 1939, under an unemployment compensation law of any State based upon employment performed prior to July 1, 1939, and prior to such date employment as defined in this act shall not constitute "Service with respect to which unemployment compensation is payable under an [or "service under any"] unemployment compensation system [or "plan"] established by an act of Congress" [or "a law of the United States"] or "employment in interstate commerce, of an individual who is covered by an unemployment compensation system established directly by an act of Congress," or any term of similar import, used in any unemployment compensation law of any State.

(c) The Social Security Board is hereby directed to determine for each State, after agreement with the Railroad Retirement Board, and after consultation with such State; the total (hereinafter referred to as the "preliminary amount") of (i) the amount remaining as the balances of reserve accounts of employers as of June 30, 1939, if the unemployment compensation law of such State provides for a type of fund known as "Reserve Accounts," plus (ii) if the unemployment compensation law of such State provides for a type of fund known as "Pooled Fund" or "Pooled Account," that proportion of the balance of such fund or account of such State as of June 30, 1939, as the amount of taxes or contributions collected from employers and their employees prior to July 1, 1939, pursuant to its unemployment compensation law and credited to such fund or account bears to all such taxes or contributions therefore collected from all persons subject to its unemployment compensation law and credited to such fund or account; and the additional amounts (hereinafter referred to as the "liquidating amount") of taxes or contributions collected from employers and their employees from July 1, 1939, to December 31, 1939, pursuant to its unemployment compensation law.

(d) The Social Security Board shall withhold from certification to the Secretary of the Treasury for payment the amounts determined by it pursuant to section 302 (a) of the Social Security Act to be necessary for the proper administration of each State's unemployment-compensation law, until an amount equal to its "preliminary amount" plus interest from July 1, 1939, at 2½ percent per annum on such portion thereof as has not been used as the measure for withholding certification for payment, has been so withheld from certification pursuant to this paragraph: *Provided, however*, That if a State shall, prior to whichever is the later of (i) 30 days after the close of the first regular session of its legislature which begins after the approval of this act, and (ii) July 1, 1939, authorize and direct the Secretary of the Treasury to transfer from its account in the unemployment trust fund to the railroad unemployment-compensation account in the unemployment trust fund an amount equal to its "preliminary amount", no amount shall be withheld from certification for payment to such State pursuant to this paragraph.

The Social Security Board shall withhold from certification to the Secretary of the Treasury for payment the amounts determined by it pursuant to section 302 (a) of the Social Security Act to be necessary for the proper administration of each State's unemployment-compensation law, until an amount equal to its "liquidating amount" plus interest from January 1, 1940, at 2½ percent per annum on such portion thereof as has not been used as the measure for withholding certification for payment has been so withheld from certification pursuant to this paragraph: *Provided, however*, That if a State shall, prior to whichever is the later of (i) 30 days after the close of the first regular session of its legislature which begins after the approval of this act, and (ii) January 1, 1940, authorize and direct the Secretary of the Treasury to transfer from its account in the unemployment trust fund to the railroad unemployment-compensation account in the unemployment trust fund an amount equal to its "liquidating amount", no amount shall be withheld from certification for payment to such State pursuant to this paragraph.

The withholdings from certification directed in each of the foregoing paragraphs of this subsection shall begin with respect to each State when the Social Security Board finds that such State is unable to avail itself of the condition set forth in the proviso contained in such paragraph.

(e) The transfers described in the provisos contained in the several paragraphs of subsection (d) of this section shall not be deemed to constitute a breach of the conditions set forth in sections 303 (a) (5) and 903 (a) (4) of the Social Security Act; nor shall the withdrawal by a State from its account in the unemployment trust fund of amounts, but not to exceed the total amount the Social Security Board shall have withheld from certification with respect to such State pursuant to subsection (d) of this section, be deemed to constitute a breach of the conditions set forth in sections 303 (a) (5) and 903 (a) (4) of the Social Security Act, provided the moneys so withdrawn are expended solely for expenses which the Social Security Board determines to be necessary for the proper administration of such State's unemployment compensation law.

(f) The Social Security Board is authorized and directed to certify to the Secretary of the Treasury for payment, and the Secretary shall pay, into the railroad unemployment insurance account, such amounts as the Social Security Board withholds from certification pursuant to subsection (d) of this section and the appropriations authorized in section 301 of the Social Security Act shall be available for payments authorized by this subsection. The Secretary shall transfer from the account of a State in the unemployment trust fund to the railroad unemployment insurance account in the unemployment trust fund such amounts as the State authorizes and directs him so to transfer pursuant to subsection (d) of this section.

(g) Section 303 of the Social Security Act is hereby amended by adding thereto the following additional subsection:

"(c) The Board shall make no certification for payment to any State if it finds, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law—

"(1) That such State does not make its records available to the Railroad Retirement Board, and furnish to the Railroad Retirement Board at the expense of the Railroad Retirement Board such copies thereof as the Railroad Retirement Board deems necessary for its purposes; or

"(2) That such State is failing to afford reasonable cooperation with every agency of the United States charged with the administration of any employment insurance law."

DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT

SEC. 14. (a) Effective July 1, 1939, section 1 (b) of the District of Columbia Unemployment Insurance Act is amended by substituting a semicolon for the period at the end thereof and by adding: "(8) service performed in the employ of an employer as defined in the Railroad Unemployment Insurance Act and service performed as an employee representative as defined in said act." This amendment shall not be construed to affect the payment of unemployment benefits at any time with respect to any period prior to July 1, 1939, based upon employment performed prior to July 1, 1939.

(b) The Secretary of the Treasury is authorized and directed to transfer from the account of the District of Columbia in the unemployment trust fund to the railroad unemployment insurance account in the unemployment trust fund an amount equal

to the "preliminary amount" and an amount equal to the "liquidating amount," whenever such amounts, respectively, have been determined, with respect to the District of Columbia, pursuant to section 13 of this act.

TRANSITIONAL PROVISIONS

SEC. 15. (a) Notwithstanding the provisions of section 1 (n) of this act, until July 1, 1940, the term "benefit year" as defined in section 1 (n) of this act means, with respect to any individual, the 12-month period which begins with either the first day with respect to which benefits are first payable to him under this act or the first day after July 1, 1938, but before July 1, 1939, with respect to which unemployment benefits are received by him under an unemployment-compensation law of any State, whichever is the earlier.

(b) For the purposes of section 2 (c) of this act, all unemployment benefits paid to an employee pursuant to an unemployment-compensation law of any State, with respect to any period prior to July 1, 1939, shall be considered as though they were benefits paid under this act.

(c) Section 3 (b) of this act shall not be applicable to an otherwise qualified employee with respect to whom there is, pursuant to subsection (a) of this section, current a benefit year beginning before July 1, 1939.

(d) Any employee for whom there is, pursuant to subsection (a) of this section, current a benefit year beginning before July 1, 1939, and who, solely by reason of the enactment of this act, becomes ineligible to continue to receive benefits under the unemployment-compensation law of any State with respect to unemployment occurring after July 1, 1939, shall, for the purposes of section 3 (a) of this act, be deemed to have earned compensation with respect to employment in his base year of not less than \$150: *Provided*, That, notwithstanding the provisions of section 2 (c) of this act, the maximum benefits payable to such employee for unemployment within such benefit year shall not exceed the maximum amount to which he would otherwise have been entitled under the unemployment-compensation law of such State.

SEPARABILITY

SEC. 16. If any provision of this act or the application thereof to any person or circumstance is held invalid, the application of such provision to other persons or circumstances, and the remainder of this act, shall not be affected thereby.

SHORT TITLE

SEC. 17. This act may be cited as the "Railroad Unemployment Insurance Act."

The SPEAKER. Is a second demanded?

Mr. MAPES. Mr. Speaker, I am in favor of the legislation, but for the purpose of debate I ask for a second.

Mr. CROSSER. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Ohio is entitled to 20 minutes and the gentleman from Michigan to 20 minutes.

Mr. CROSSER. Mr. Speaker, the bill, the passage of which I have just proposed, might be called a companion of the railroad retirement bill, which was passed by Congress several years ago after a long struggle. The purpose of this bill, however, is to establish an unemployment insurance system for railroad workers of the United States. Under present conditions the railroads and railroad workers may be subject to different insurance laws in the 48 States. Obviously that not only causes a great deal of confusion and unnecessary clerical work, but in addition, causes the men very great trouble.

A railroad worker hardly knows at the present just what his legal rights are. Now, it is admitted by practically everyone who is concerned about the subject, that the bill which I am presenting for the consideration of the House would save the railroads of the country from five to six million dollars.

The total amount of contributions or taxes to be collected from the railroads will be less under the terms of this bill than at present. A definite limitation of \$300 per month as base pay is fixed by the terms of this bill just as is the case in the railroad-retirement bill. Under the different State systems there is no such limitation.

The railroads themselves, therefore, will be saved a substantial amount in the contributions or taxes which they will be required to pay under the terms of this bill. They will also avoid much expense now necessary because of the numerous reports which they must make to the States. It would seem, therefore, that even from the standpoint of the railroads this should be regarded as highly desirable legislation.

The railroad men, since the passage of the Social Security Act, have found themselves in serious difficulty in asserting their rights to benefits under the prevailing unemployment-insurance systems of the States. I was told recently of the case of a railroad worker whose work took him into three States, namely, Pennsylvania, West Virginia, and Maryland. There was accordingly quite a dispute as to which State was under obligation to pay him unemployment insurance.

There are many other reasons which might be given for the enactment of this legislation. Practically all of the employment relations of railroad workers and their employers are at the present time regulated by national agencies. Fifty years ago last year the Interstate Commerce Commission was established for the purpose of regulating the railroad industry of the United States. Since then we have enacted the Federal safety-appliance law, the boiler-inspection law, the Railway Labor Act, the Railroad Retirement Act, and many other laws for the regulation of railroad employer and employee relationships. The Railway Labor Act, with its Railway Mediation Board, established what is regarded as incomparably the best system for settling labor disputes so far provided in the United States. Members no doubt remember that we passed that act about midnight of the last day of the session in the summer of 1934. It has proven more satisfactory in the settlement of serious disputes in the railroad industry than has been the case in regard to any other system of procedure. We have ample precedent, therefore, for the establishment of a national system for unemployment insurance for railroad men. The railroad retirement law is operating to the satisfaction, generally speaking, of the men and also of the railroad companies of the United States. Let us remove the confusion which prevails at the present time in regard to unemployment insurance and now set up, on a national basis, an unemployment insurance system for the railroads and the railroad men of the country.

Almost everyone recognizes the fact that the railroad industry more than any other industry in the country should be considered as a unit and must be so managed and must be so regulated if we are to have really satisfactory transportation service.

I do not believe that there is any serious opposition to the bill, and I shall not therefore bother the House with a long discussion. I shall yield a few moments to my distinguished friend from Colorado [Mr. MARTIN], who desires to make a statement, and then I shall yield to the gentleman from Michigan [Mr. MAPES] on the other side of the House, who also approves the bill.

Mr. STEFAN. Mr. Speaker, will the gentleman yield for a question?

Mr. CROSSER. I yield.

Mr. STEFAN. The fact is that this will not cost the railroads of the country one additional cent. As a matter of fact they may even save some money under it.

Mr. CROSSER. I think it will save them between \$5,000,000 and \$6,000,000 a year.

Mr. WHITE of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. WHITE of Ohio. The most important effect of this bill will be to obviate endless confusion that faces the railroad employees in this matter. It is a measure in their behalf.

Mr. CROSSER. Absolutely so. We centralize authority so that no matter where a railroad man is employed he will file his claim in Washington instead of guessing as to which of the 48 States in which to file his claim.

Mr. WHITE of Ohio. I would like to congratulate my colleague who is known as practically the father of all forward-looking legislation that has been passed in the last 20 or 25 years. [Applause.]

Mr. THOMPSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. THOMPSON of Illinois. No tax is levied by this bill, as I understand it.

Mr. CROSSER. No. The railroads will make their contributions to the Federal Government instead of to the 48 State governments.

Mr. THOMPSON of Illinois. They just pay the tax levied under the Social Security Act.

Mr. CROSSER. We collect the contribution from the railroads on a national basis instead of having them contribute to 48 State systems.

Mr. WITHROW. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. WITHROW. I understand this bill comes to the House with a unanimous report.

Mr. CROSSER. Yes. I should have mentioned the fact that it is accompanied by a unanimous report. There is no minority report.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. MURDOCK of Arizona. On constitutional grounds our dual system of government usually requires cooperative action between State and National legislatures in such matters as pensions and social-security provisions for unemployment insurance. Many railroad men work in several States. The most beneficial effect of the bill is to centralize this matter in one place. National legislation alone should apply to this class of interstate employment. I favor it.

Mr. CROSSER. The gentleman's reasoning is in my opinion entirely sound.

Mr. Speaker, objection has been raised by some because of the fact that the bill makes a larger proportionate provision for the short-time low-paid men in the railroad industry than it does for the higher-paid railway workers. That, Mr. Speaker, to my mind is one of the very best features of the bill. The lower-paid employees who are less regularly employed during the year surely should have our greatest consideration. Nothing will help more to establish harmony in the industrial world than measures tending to stabilize employment and to assure some income at least.

I feel that the leaders among the railroad workers who have earnestly urged this legislation are entitled to much credit for endeavoring to afford the greatest possible protection to the railroad men, who are the victims of uncertainty in regard to employment and who receive a lower rate of pay than the older and established workers. Surely, therefore, the objection made that the short-time, lower-paid men will receive greater assistance under this bill than the higher-paid men will receive no degree of approval whatsoever in this House. Opportunity to earn a livelihood for one's family has been a great concern of men for ages. Ultimately the problem will be solved, but in the meantime we must provide some method of lessening the suffering incident to unemployment.

I remember how, years ago, I was impressed by the lines of Robert Burns on this very subject. The words of one of the stanzas of Burns' *Man Was Made to Mourn* are as follows:

See yonder poor, o'erlabour'd wight,
So abject, mean, and vile,
Who begs a brother of the earth
To give him leave to toll;
And see his lordly fellow-worm
The poor petition spurn,
Unmindful, tho' a weeping wife
And helpless offspring mourn.

Members of this House, let us by an overwhelming vote give a rebuke to those in the world who are so heartless as to manifest such contempt and indifference to their fellow men who suffer mental anguish and privation because they cannot find an opportunity to earn a livelihood for their dependents and themselves. Let us do our part in arousing the people of the world to a consciousness of the fact that all men are truly brothers.

Mr. MAPES. Mr. Speaker, as the distinguished gentleman from Ohio [Mr. CROSSER] has stated, this legislation is based upon the theory that it is better to have a national

law applying uniformly to all employees of railroads as far as unemployment compensation is concerned, somewhat after the manner of the railroad retirement legislation, than it is to leave the subject to the different States to be dealt with in 48 different ways perhaps.

The railroad brotherhoods in their testimony before the Committee on Interstate and Foreign Commerce stated with emphasis that the enactment of this legislation would result in actual savings to the railroads. The railroads appeared in opposition to the legislation, their principal opposition being, as it seemed to me, to some of the principles of the legislation rather than to the cost of it.

As I interpret the testimony of the representatives of the railroads as given before the committee, they did not contend that the legislation as drafted would substantially increase the cost to the railroads above the contributions which they now have to make under the different State laws providing for unemployment compensation. This position I believe was summarized in answer to questions by the gentleman from Indiana [Mr. HALLECK], as clearly and concisely as it is possible to state it. I call attention to two or three questions asked by the gentleman from Indiana [Mr. HALLECK], and the replies thereto. Referring to page 173 of the hearings I quote the following:

Mr. HALLECK. Mr. Chairman, I wonder if I might interject at this point to ask a question with respect to what the railroads pay into this fund, the contributions of the employer. Is there any change made by this proposal as distinguished from the various State acts that are now in effect?

Mr. PARMELEE. There are some slight changes, Mr. Halleck.

Mr. HALLECK. On the whole, is it fair to say that the contributions that would be made by the employers represent the same under this act as they are under the 48 separate State acts?

Mr. PARMELEE. Broadly speaking, yes; that is a correct statement.

Mr. HALLECK. Your discussion, then, goes to the question of the sufficiency of the fund that is created to pay the benefits?

Mr. PARMELEE. What tax rate should be expected to provide the fund; yes, sir.

Mr. HALLECK. Of course, as far as the employers are concerned, except as they might have been made liable for some deficit, probably the passage of this bill would not directly affect them in a financial way.

Mr. PARMELEE. The question, of course, Mr. Congressman, would be this. If a deficit is encountered, how shall it be met? That would be a question for the determination of the Congress.

Mr. Speaker, those few questions and answers give the whole story as far as the position of the railroads is concerned on the cost of this legislation.

The brotherhoods contend that the legislation will result in an actual saving to the railroads. The railroads contend that the benefits provided for in the bill may amount to more than will be raised as the bill is written, and thereby subject them to the possibility of having their taxes or assessments increased in the future, but they do not claim that the bill itself will increase their expense to any appreciable extent at present.

It is a piece of legislation that seems to meet with general approval. The railroad brotherhoods and all railroad employees are solidly behind it. It comes here without any opposition in the Committee on Interstate and Foreign Commerce, so far as the record vote on it, at least, was concerned. It is a good bill. I am very happy to support it.

[Here the gavel fell.]

Mr. CROSSER. Mr. Speaker, I yield to the gentleman from Colorado [Mr. MARTIN] such time as he may require.

Mr. MARTIN of Colorado. Mr. Speaker, H. R. 10127, devising a Federal plan of unemployment insurances for railway employees to supersede 48 different State systems, was, as stated by the sponsor of the bill, Mr. CROSSER, of Ohio, unanimously reported out favorably by the House Committee on Interstate and Foreign Commerce. Having participated in all the hearings on this bill, I have some foundation for the hope that it will pass the House unanimously. This unanimous action by one of the major committees of the House is a most convincing argument for the legislation.

There are a number of such arguments. One of the weightiest, if not the most weighty, is the fact that State

unemployment insurance of railway employees is an anomaly in the whole field of railroad operation and legislation. Beginning with the Interstate Commerce Act in 1887 and ending with the Railroad Retirement Act in 1937, the trend has been continually and increasingly toward Federal regulation of all phases of railway operation.

Railway traffic routes and rates, railway financing, railway labor, railway liability for injuries to employees, railway safety in the matter of all types of equipment, and now railway pensions, are all under Federal law. What are the distinguishing characteristics of railroad unemployment that it should be excepted from the entire field of railway operation and left to the differing laws of 48 States? I listened attentively throughout the entire hearings without hearing anything that, in my opinion, would justify such an exception.

Another convincing argument in favor of the bill is the fact, as testified to before our committee, that the unemployment insurance laws of 41 States carry provisions anticipatory of and preparatory to the acceptance of a Federal plan of unemployment insurance for railway employees. This is a recognition by the States themselves that this is a Federal problem.

Still another argument for the bill is that it will be administered by the Railroad Retirement Board, having jurisdiction of the Railroad Retirement Act, and this being companion legislation to that act, I think this fact is recognized by all students of social security, that retirement pensions and unemployment insurance go together.

Mr. Speaker, in order for the Members to determine how they should vote on this bill it is not necessary to understand the mechanics and complexities or the details of such legislation. A statement of the main points of controversy is sufficient. I shall state these points briefly on both sides at this point and then go more into detail for those who may wish to obtain a more thorough understanding of the bill.

The employees stress two main points as to why they favor the legislation: The interstate nature of their service, and the complexities and differences between the 48 State systems as compared with the simple and uniform plan carried in the bill.

The carriers have two main objections to the legislation. The first is that the major part of the benefits will go to employees earning the least wages, thereby depleting and perhaps exhausting the fund, to the injury of the higher-paid employees who may eventually become unemployed; and the second is the lack of what is known as the merit rating system, under which the stronger and more stabilized industries are rewarded by corresponding reductions in the amount of their unemployment-insurance taxes, but which plan throws the burden of supporting the benefit fund on the weaker industries and employers.

There were lesser claims made for the legislation by the employees than those I have mentioned and lesser objections by the carriers, but the major claims I have stated dominate to such an extent that they should determine the merits of the legislation and how you should vote on it. I shall confine myself to these main controversial questions involved in the proposed change from the State systems to a Federal system, why the employees want the change, and why the carriers do not.

The chief point stressed by the employees for the legislation was the interstate scope of the duties performed by all of the transportation employees and many other branches of railway service. As an instance, transportation employees between Washington and New York operate through five States and the District of Columbia. Bridge and building employees on a large southern railway system operate through six or seven Southern States. This condition is general throughout the country.

The method of computing the unemployment period and determining benefits under the laws of all these States differ. The methods employed in many of them for determining unemployment benefits are so complicated and involve so many factors that employees are unable to determine what their benefits are, and only an expert can understand the formulas

employed. The recitation of one of these formulas before the committee was simply bewildering. I would not undertake to comprehend these formulas.

Another serious objection of the employees to the State systems is the difficulty of determining in what State an employee is entitled to unemployment benefits. For example, many railway employees operating out of Cumberland, Md., cross the line into the State of Pennsylvania and perform nearly all their service in that State. They are not entitled to benefits in Maryland because they do their work in Pennsylvania, and they are not entitled to benefits in Pennsylvania because they reside in Maryland. The same trouble exists in other sections of the country. Much administrative work and delay is entailed in working out these problems, and many others, and much dissatisfaction.

The bill proposes a simple plan of paying daily unemployment benefits, as shown in the short table at the bottom of page 8 of the bill. The bill establishes a base year in which the employee must earn at least \$150 to qualify him for benefits the following year. He would be paid benefits for each day of unemployment in excess of 7 during any half month; that is, for 8 days, beginning after June 30, 1939. The limit of benefit days in the year would be 80. A man earning between \$150 and \$200 in the base year would get \$1.75 per day for a maximum of 80 days. This graduates up to \$3 per day for employees earning \$1,300 and over during the base year. The minimum of annual benefits would be 80 times \$1.75, or \$140; and the maximum would be 80 times \$3, or \$240.

As the benefit plan and the table for computing benefits are very brief I shall insert them at this point in my remarks.

BENEFITS

SEC. 2. (a) Except as may otherwise be prescribed for part-time workers pursuant to subsection (d) of this section, a qualified employee shall be paid benefits for each day of unemployment in excess of 7 during any half month which begins after June 30, 1939.

The benefits payable to any such employee for each such day of unemployment shall be the amount appearing in the following table in column II on the line on which, in column I, appears the compensation range containing the total amount of compensation payable to him with respect to employment in his base year:

Column I	Column II
Total compensation:	Daily benefit amount
\$150 to \$199.99	\$1.75
\$200 to \$474.99	2.00
\$475 to \$749.99	2.25
\$750 to \$1,024.99	2.50
\$1,025 to \$1,299.99	2.75
\$1,300 and over	3.00

(c) The maximum benefits payable to an employee for unemployment within his benefit year shall not exceed 80 times the daily benefits payable to him.

Simple though this plan reads, it is followed by five pages, beginning on page 11 of "Disqualifying conditions," and conditions under which the disqualifications do not apply. If I should undertake to explore them I would get lost and you could not find me.

Provision is also made in the bill for insurance benefits to part-time workers—men who may be scheduled for only an hour or 2 or 3 for some special duty. The formula is difficult to a layman and is criticized as such by an expert for the carriers; but the Administrator of the Railroad Retirement Act says that it is understandable and workable, and being strictly a layman I shall let it go at that. In a word, it is proportioned to full-time benefits in the same class of service in the locality.

It is objected by the carriers that no provision is made for diminishing or offsetting the benefits paid to seasonal or temporary workers by their earnings in other employments. I consider this a minor objection, since it is not likely that any great number of workers who find it an inducement to take employment with a railway company which nets them less than \$200 per year, under which rating nearly all such workers would fall, would be able to get sufficient other employment to furnish them on the whole more than a bare subsistence.

The cost of the unemployment fund would be borne by the carriers by payment into the Federal fund of 3 percent of the pay roll, the same tax carried in the Social Security

Act. Forty-one of the State laws carry provisions adopted in anticipation of, and for the purpose of accepting, a Federal plan. This indicates not a great amount of difficulty in affecting the transfer, the mechanics of which are set up in the bill.

The cost of this plan will be less to the carriers than the State systems. A saving of \$1,200,000 annually will be effected by reason of the fact that the carriers will not be required to pay the tax on excess wages above \$300 per month, whereas there is no limit in the State laws. This saving is admitted by the carriers.

The employees estimate savings of three or four million dollars in administrative costs to the carriers, who will be required to make but one report and have but one accounting system, instead of 48 as under the State systems. Several representatives of the carriers admitted an administrative saving of some unstated amount, but an auditor of the carriers claimed that it would entail an expense additional to that of the State systems which might reach \$4,000,000. There was no break-down of this possible additional cost. I think the great preponderance of the evidence shows that the Federal system will be less expensive to administer and entail much less administrative work.

Two main objections were made by the carriers to this legislation. The first was that the greater part of the benefits would go to temporary, seasonal, or occasional workers, who might be employed only a few months in the year, but earn enough to establish the \$150 minimum, which would qualify them for benefits beginning the first of July of the following year. They estimated that 20 to 25 percent of railway employment is in this category and that the amount of benefits payable to them would be so great as to deplete and perhaps exhaust the unemployment-insurance fund, to the deprivation of permanent and regular employees of years' standing in the service, who might at some future time become unemployed.

There are two answers to this objection. The first is that if the insurance fund should become depleted or exhausted, it is admitted that it would entail no increased financial obligation on the carriers. It would not increase their taxes. New legislation by Congress would first be required to augment or restore the fund. Should that condition ensue, it would give added weight to the claim of the carriers that there should be employee contribution. That would be a matter for a future Congress to determine. Six States have some employees' contribution, but I cannot give you the figure. There is nothing new in the provision of the bill requiring the fund to be financed wholly by the carriers. That is also provided for under title IX of the Social Security Act. Under either system it is 3 percent of pay roll, limited in the bill to wages not in excess of \$300 per month. I am only dealing here with new questions.

The answer to the objection that the insurance fund might be depleted or exhausted by payments to employees in the lower employment brackets, leaving nothing for older employees, is that the great bulk of the long-time regular employees, enjoying seniority rights, will not become unemployed unless railroad transportation is to go out of the picture and unless the country is to exist in a permanent low economic condition. It may be presumed that nearly all railway employees who are in service at the present very low ebb of railway transportation will continue.

It is the workers in the lower brackets who present the unemployment problem. Under the bill and under the State systems the maximum benefit is the same, \$240 per year, but under the bill the minimum benefit, where any at all is payable, is \$140 per year, while the State minimums go as low as \$25, a negligible sum, so low, in fact, when spread out over 16 payment periods as hardly worth either administering or collecting. There are cases in which the cost exceeds the benefit. This difference in benefits in favor of workers in the lower brackets caused opponents of the bill to characterize it as a relief instead of an insurance measure. Naturally they would prefer to have the relief of these employees paid by the taxpayers. Obviously they must be paid the amount carried in the bill, and more, by one method or the other.

Since the Federal plan will cost them less than the State systems, the carriers should not be heard to complain.

The higher-paid workers are not complaining that their lower-paid brethren are getting the lion's share of the funds, and when the higher-paid employees, earning as much as \$300 per month, to which their scale of living is geared, accept without murmur a benefit of only \$240 per year, or \$20 per month, the carriers should accept the maximum benefit provision of \$140 per year for the lower-paid workers. Another consideration is that in the Railroad Retirement Act of 1937 a floor is placed under retirement benefits, so that an employee gets a certain benefit regardless of the amount of his wages or his contribution to the retirement fund.

The other main objection by the carriers is that the bill does not carry what is known as the merit-rating provisions which are to be found in most of the State systems. The merit-rating system provides for a reduction to the employer in the amount of his tax corresponding to the employment stabilization of his business, whereby the payment of the annual tax may be reduced in proportion to the growth of the tax fund which is not expended on unemployment benefits. The tax on the stabilized carrier may eventually reach the vanishing point. It is claimed that employers should be encouraged to stabilize employment in this manner. The omission of merit rating is regarded as penalizing the stronger and more stable industries for the benefit of the weaker industries, with their greater proportion of unemployment.

A somewhat similar objection was raised to the insurance of bank deposits, that the strong banks were to be taxed to support the weaker; and the honest, properly managed banks, to be taxed to protect the depositors of the dishonest and inefficient banks. I suggested at the hearings, and I think not inappropriately, that one-half of the country was being taxed to feed the other half, and that living people paid life-insurance premiums for the benefit of dead ones.

A weighty objection to the merit rating system is that the gradual elimination of the stronger carriers, or substantial reduction in their tax contribution, would leave the support of the fund largely to the weaker carriers with the greater unemployment, probably resulting in the break-down of the whole insurance system. The merit rating system is a fine theory, but if it were applied to the whole scheme of social security, there would probably not be any. As the State systems are only getting under way, it is too early to determine the effect of the merit rating system on them and I do not favor experimenting with it in this bill.

Administrator Latimer of the Railroad Retirement Board, who is rated as a very high authority on social security, including old-age pensions and unemployment insurance, appeared before the committee and discussed at length the questions involved in both this legislation and the State systems. He did not favor placing merit rating in the bill. He expressed the opinion that the benefit formula is fair and equitable as well as understandable and workable. He further said that the administration of the bill would not add to the complexity of the work of the Railroad Retirement Board but would only increase the volume of its work, and that much of the work involved in the administration of the Railroad Retirement Act would dovetail into the administration of unemployment insurance.

I consider it a very weighty consideration in favor of this legislation that it is proposed to place its administration under the Railroad Retirement Board, with its competent administrative head and experienced personnel, and at a time when the Board has passed the peak load, amounting to 140,000 cases in 1 year, caused by the accumulation of eligibles for retirement dating back to August 29, 1935, the effective date of the original Retirement Act, and the load taken over from the private company pension systems. I think both the record and the testimony of the administrator warrant the view that he may be safely entrusted with the task of working out any conjectural questions involved in the legislation, submitting to the Congress for correction any defects or inequities which may develop. [Applause.]

MR. CROSSER. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, the Coordinator of Railroads recommended this legislation some time ago. When we passed the Social Security Act we contemplated this legislation. It comes before us unanimously approved by the committee which has given it consideration.

Mr. Speaker, this legislation is consistent with our action in connection with railroad retirement and employees' liability legislation. It presents no conflict nor inconsistency and it is in keeping with our actions of the past. It is another evidence of the statesmanship of leaders of the railroad brotherhoods. Their splendid example in the field of legislative achievement may well be followed by other organizations.

I desire to congratulate the sponsor of this measure, the able and distinguished gentleman from Ohio [Mr. CROSSER]. During all the years of his service in the Congress he has rendered efficient and consistent service to those employed on the great railroad systems of the country.

I desire also to compliment the chairman of the Committee on Interstate and Foreign Commerce, as well as honor his associates on both the Democratic and the Republican side for the consideration they have given this measure and for the unanimous report on this very necessary and helpful legislation.

I hope the bill will be adopted by the unanimous vote of the House and that its consideration in the other body will be accomplished without delay.

The enactment of this bill will create a unified, coordinated system of unemployment insurance for the railroad workers of the country. It will result in a more orderly system, and it will likewise prove economical from the standpoint of the railroad companies. It is a most salutary piece of legislation. It truly expands our social frontiers. It is an act of justice for the workers of this great industry.

Mr. MAPES. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Speaker and Members of the House, the bill now before the House provides for a system of unemployment insurance for railroad employees. It is to be supported through contributions collected from the same employers as are now subject to the Railroad Retirement Act.

It has been my pleasure and privilege on many previous occasions to follow the leadership of the gentleman from Ohio [Mr. CROSSER] in matters of legislation beneficial to railroad workers. He has been an outstanding champion of such legislation. Many of the bills that have been enacted bear the name of this distinguished gentleman. The fact that the present bill was introduced by him is a sufficient guaranty to this House that it is worth while and merits support.

Congress has long recognized that a number of problems peculiar to the railroad industry necessitate separate treatment of that industry, rather than subjecting it to other Federal legislation having application to industries generally or leaving it subject to varied State laws. As proof of this fact, there have been enacted the Railroad Labor Act, Hours of Service Limitation Act, the Employers' Liability Act, and the Railroad Retirement Act.

Since the adoption of the several State unemployment insurance acts and titles III and IX of the Social Security Act, which include the railroad industry, there have appeared many inequities and inequalities to railroad workers. This is largely due to the fact that a railroad system operates in many States. For instance, the Pennsylvania system operates in 13 States and the District of Columbia; the Union Pacific in 13; the Louisville & Nashville in 13; the Chicago, Burlington & Quincy in 11; the Milwaukee in 11; the New York Central in 11; the Northwestern in 9; the Frisco in 9; the Missouri Pacific in 8; and so it goes. Some of the smaller lines operate in three, four, and five States. This creates a condition that is equally annoying and troublesome to management as well as men. Continually questions are being raised as to what particular State law is applicable under numerous and varied conditions arising because of the operation of the

railroad and the work of the employees extending into and through several States.

Furthermore, the seniority rule in effect on railroads all over the country creates many difficult problems, because the operation of this rule frequently covers an entire railroad system and seldom, if ever, less than a division. In either case the jurisdiction or territory within which the seniority rule is effective will cover several States. One crew on a train or one gang of maintenance-of-way men may include workers from three or four different States and working at different times in three or more States. What State law is applicable in such a case? It is to correct such impractical situations as I have just mentioned that the present law is offered.

I would also like to emphasize the fact that this proposed legislation has the support of the 21 railroad brotherhoods. Their representatives appeared before the Committee on Interstate and Foreign Commerce and presented in an intelligent, logical, and forceful manner the necessity for the legislation and the good, both to management and men, that would result from its enactment. And in this connection may I say that the representatives of the different railroad brotherhoods who have appeared before the Interstate and Foreign Commerce Committee of the House and other congressional committees have uniformly been fair and always intelligent in presenting their viewpoint. This fact has been recognized by the management of the railroads. It has enabled them time and again to appear jointly before committees of Congress in seeking legislation that would be beneficial to both. There has been a more pronounced spirit of cooperation between the management and men in the railroad industry than in any other industry. Consequently we find labor legislation affecting railroad workers far in advance of that affecting any other industry. In many particulars railroad labor laws have pointed the way for other industries.

The legislation now before the House is of a kind that is mutually beneficial. It provides a more workable plan for both the men and the railroads, and at no greater cost than the railroads are now required to pay to the several States under the unemployment laws now in effect. In fact, it is stated by the spokesmen for the several brotherhoods and the American Federation of Labor that it will result in a considerable saving to the railroads, and it will not add to the expense of the Federal Government.

The administration of the act will be under the jurisdiction of the Railroad Retirement Board. The highly satisfactory manner in which the latter Board has administered the Railroad Retirement Act is proof that this bill, if enacted into law, will likewise have similar efficient and highly satisfactory administration. I ask the membership of the House to give the bill the support which the object of the bill is entitled to have. [Applause.]

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. WOLVERTON. I yield to the gentleman from New York.

Mr. SNELL. As I understand this bill, it does not materially increase the obligations of the railroads.

Mr. WOLVERTON. The gentleman is correct.

Mr. SNELL. I understand the bill is fairly agreeable to both the employers and the employees.

Mr. WOLVERTON. The representatives of the brotherhoods who appeared before the committee stated emphatically that it would be a saving to the railroads. Some of the railroad representatives did not agree with that statement in its entirety but did admit that under certain conditions it could be a saving. Under some conditions it might not be a saving. Generally speaking, however, it would lead to a more practical operation than is possible under the present unemployment laws.

Mr. SNELL. However, it certainly will not result in any material extra costs to the railroads?

Mr. WOLVERTON. That is the understanding.

Mr. SNELL. If both sides are agreed, we ought to pass this bill quickly, before they get some other agreement.

Mr. MAPES. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, it is apparent there is no controversy in the House regarding this bill, and the Members are getting impatient and are eager to vote. I do not want to detain them except to add my word in support of this bill.

This bill takes the railroad employees out of the operation of the general social-security law, as it affects unemployment insurance, and sets up for them a fund of their own. As has been pointed out, as far as the employers are concerned, the expense will not be increased. In my opinion, it will be decreased because there should be more ease of accounting and less expense involved in making payments to one general Federal fund than in handling 52 separate funds.

Since this debate opened a question has been asked regarding the expense of administration. The bill provides that the expense of administration shall be paid out of the fund itself, and this means there will be no added expense to the Federal Government for the administration of this act.

Mr. CROSSER. Mr. Speaker, I yield to the gentleman from Ohio [Mr. FLETCHER] such time as he may desire.

Mr. FLETCHER. Mr. Speaker and Members of the House, it is my intention to vote for the bill now under consideration, H. R. 10127, providing unemployment insurance for railroad employees, as I have on previous occasions voted for all legislation in the interest of justice to labor in every field.

As a laborer in the steel mills that manufactured the steel products for railroad equipment and later, when the mills closed down, working as a freight handler in the railroad freight transfer, paid on a tonnage basis, I had an opportunity to learn something from the laborers' viewpoint that I have never forgotten. This labor experience has much to do with my attitude in favor of all practical and constructive labor legislation ever since I first became a Member of Congress.

It was this same personal experience as a laborer, toiling long hours at low pay, under conditions at times almost unendurable, that was an important factor in my decision to use the influence of the newspaper of which I was then editor and publisher, in fighting on the side of the railroad men when the great strike came in which railroad employees of long years of faithful service had their jobs threatened.

In the years since that time, traveling over the railroads in every State and throughout Canada, opportunity has been afforded for personal observation and study of railroad problems involving both employers and employees.

This legislation providing unemployment insurance for railroad employees now under consideration is the type of much-needed legislation which the socially intelligent men and women everywhere will approve.

But I did not rise to speak at length on this bill because that is not necessary. It has the approval of all the enlightened, socially intelligent Members of the House.

My chief purpose in speaking at this time is to say a few words with reference to my friend, the distinguished Ohio statesman, ROBERT CROSSER, who sponsored this bill.

His leadership in behalf of all labor legislation is universally acknowledged and respected.

It is fortunate for the cause of labor everywhere in America that the citizens of Ohio have had the loyalty and wisdom to keep Mr. CROSSER in this House year after year, so through experience and extensive service he might be able to advance to the position of usefulness, power, and influence that makes him one of the outstanding statesmen of his generation.

Beginning in 1896, prior to his first vote, the gentleman from Ohio [Mr. CROSSER] began the effort, through public discussion and otherwise, to bring law into adjustment with the principles of economic justice, assuring all men the full value of the product of their toil.

Beginning in 1902 and continuing until 1911 he earnestly supported Tom L. Johnson in his efforts to establish economic

justice. He believed with Johnson that the proper observance of the laws of mind and the prevention rather than the control of monopoly is all-important, for by such a course we prevent special privilege manifesting itself in any harmful way.

The counter program assumes it to be right to grant monopolies and then to undertake to control them by mandatory official edict. Johnson did not approve the latter plan.

During the winter of 1911 Mr. CROSSER served as a member of the State house of representatives. He introduced and secured passage of the first municipal initiative and referendum law for the State of Ohio. The constitution at that time did not authorize the legislature to make provision for initiative and referendum as applied to State laws.

In 1912 he served as a member of the fourth constitutional convention of Ohio and introduced a proposal for the initiative and referendum as applied to State laws.

This measure provided that all laws passed by the legislature would be subject to the referendum, provided that a proper petition signed by the necessary number of voters requested the submission of such law to the voters for approval or rejection.

It also provided that a certain number of citizens may file a petition with the secretary of state proposing a law, and that the question would be submitted to the voters at the next general election to determine whether the majority of the people of the State approved or disapproved such proposed law.

The proposal also provided for the submission of proposed amendments to the Constitution itself by means of the initiative petition. Our friend, the author of the amendment, regarded this as very far reaching in its effects and probably his most important official accomplishment.

In 1914 he secured a favorable report on a bill providing for the ownership and operation of the street-railway system in Washington by the government of the District of Columbia, but the war breaking immediately afterward prevented further consideration.

In 1916 he introduced a measure known as the colonization bill providing for a utilization of all the public lands. The plan was to use the public lands by the establishment of colonies. The Government advancing money to make the improvements and those who should secure a house and land under such conditions were to pay back the loan in 40 years and also the market rate of interest on the yearly value of the land, but such persons, however, were not to be allowed to transfer the title to the land but could transfer their rights in improvements to others.

In 1916 as a member of the first Flood Control Committee he proposed control of floods by controlling the cause through the building of reservoirs, dams, and so forth, rather than building of levees only. One other member of the committee signed the report approving such a plan, but the committee under the leadership of Ben Humphries, chairman, opposed the plan vigorously. The proposal has now, however, become the law of the land.

He was the author of the amended Railway Labor Act, the author of three different railway retirement laws, the last one having been passed in 1932, and the author of the railroad unemployment-insurance law which passed Congress on the 16th day of June 1938.

During the earlier part of official service intense application and effort were devoted to the endeavor to secure legislation along the lines indicated. It is interesting to note, however, that while the same intensity of application and earnestness of effort were brought to bear during the last few years, the legislation which was enacted as a result was greater in extent by far than what preceded and the opposition made was far less effective.

With vigor and tireless energy ROBERT CROSSER works incessantly for the welfare of all the people and today at the height of his power and skill as a legislator he has well earned the distinction of being one of the most highly respected and one of the most influential Members of the United States Congress.

Mr. MAPES. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Speaker, instead of 48 State systems of unemployment insurance for railroad employees whose services are primarily interstate in character, this measure sets up a national unemployment insurance system for such employees. No additional cost is involved to the Government, to the railways, or the employees in the setting up or the administration of this system. It is of benefit to the employees in that they will have one national system which will better serve their interests, and in the long run I believe it will be in the interest of the railways themselves. It comes from the Committee on Interstate Commerce, of which I am a member, with a unanimous report, and it appeared from the hearings held by our committee that this proposal was approved by the leading students of unemployment insurance. I am pleased to give this measure my support, and I hope to see it become a law before Congress adjourns.

Mr. MAPES. Mr. Speaker, I yield one-half minute to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, there is no finer or more loyal or industrious group than the railroad employees. I am very glad to have an opportunity to vote for this bill, which is a simple act of justice for hundreds of thousands of railroad workers, by setting up for them a system of national unemployment insurance which will give them more adequate benefits. There is no group of American workers more deserving of the consideration of Congress than those employed on our railroads. The situation of the railroads in this depression is deplorable and is growing worse each month, and Congress should not adjourn without dealing in a constructive way with this critical situation. I hope before adjournment that the bill reported from the Banking and Currency Committee, of which I am a member, enabling the R. F. C. to make special loans to railroads for equipment and to reemploy those who have already been laid off will pass. It is essential that the Congress grant the R. F. C. wide powers to make loans to railroads, at least to keep them going until Congress meets next January. I am interested in both the efficiency of the service of the railroads to the public and in the welfare and employment of the railroad employees. They are one and inseparable and both are deserving of the support of the American people.

Mr. MAPES. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Speaker, this unemployment insurance for all railroad employees seems to meet the approval of all concerned as near as legislation can ever please everyone. It takes 48 State insurance companies as it now exists and places it in one great national company. I am pleased to know that we are all of one accord on this measure, and when we are it must be that this insurance will work out to the best interests of all, and I am glad to support it.

In an earlier session we passed the Social Security Act, and we were not all agreed on that bill. Many of us of the Republican Party pointed out that the amount that a person could draw under the act was far too small to ever do much real good. In fact, we tried to increase the amount to \$50, or even \$40, per month so that one would have a little chance to live on the allowance, but were voted down by the majority party.

The result has been even worse than we anticipated then, and the allowance that is being doled out in most, if not all, cases is too small for any kind of a decent living. To make matters worse, the Government is collecting millions of dollars that is being spent for the many wild schemes that the Government is carrying on and an I O U put in the safe as a credit, but where is the money coming from to pay the insured when the time comes for payment? Industry is paying in to the Government money that is needed to expand business, the Government is using up the money, business is growing worse all of the time, and this is one of the reasons for it.

This has not worked, and to my mind we need insurance on a much broader scale. Many older people cannot get the assistance they are entitled to, and I believe the whole social security should be repealed and a pay-as-you-go policy adopted, with a more liberal allowance and a much broader base.

It is too late to accomplish any changes this year, but I hope that next year we can have some such advanced measure as I have suggested and that it will come in here with this same unanimous approval as this railroad bill has today.

[Here the gavel fell.]

Mr. MAPES. Mr. Speaker, I yield one-half minute to my colleague the gentleman from Michigan [Mr. SHAFER].

Mr. MAPES. Mr. Speaker, I yield such time as he may desire to my colleague the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER of Michigan. Mr. Speaker, the gentleman from New York [Mr. LORD] who has just preceded me, may be assured of my cooperation and assistance in his efforts to amend the Social Security Act to create more liberal allowances for the older people of this Nation who are now unable to obtain the assistance they are entitled to. I desire at this point to remind the gentleman that I introduced a resolution at the opening of this session of Congress, calling for an investigation of the manner in which the millions of dollars being collected by the Federal Government for social security are being spent. At the time I introduced the resolution, which to date has not seen the light of day, I called attention to the fact that most of the \$1,660,000,000 collected had been spent for the many things this Government is spending money for, and in its place were I O U's. At that time I also asked the question of where the money is coming from when the time comes for social-security payments.

In regard to H. R. 10127, now under discussion, it should be passed without a dissenting vote. It is meritorious legislation designed to do for the railroad industry, with respect to unemployment insurance, what the Railroad Retirement Act does with respect to old-age benefits. It will create a separate system applicable to that industry—a system that has been recommended for several years. Enactment of this legislation will accomplish four major purposes.

First. It will relieve railroad workers from the inequalities, inequities, and the intolerable delay or denial of benefits which result from the attempt now being made to apply the many State and Territorial unemployment compensation laws to interstate workers.

Second. It will save the railroads, now clamoring for relief, several million dollars each year in taxes and accounting costs.

Third. It will tend to simplify the administration of State unemployment insurance laws, which are now threatened by administration complexities.

Fourth. It will make the whole Nation-wide unemployment insurance system that has been set up by Federal and State cooperation workable.

This bill was drafted by and is being sponsored by the 20 standard railroad labor organizations of the United States and is endorsed by the American Federation of Labor. Its enactment is essential to the protection of unemployed railroad workers; who are entitled to more equitable treatment than they are now receiving under the various and many State laws.

I give my wholehearted support to this bill and urge its immediate enactment. [Applause.]

Mr. CROSSER. Mr. Speaker, I yield as much time as he may desire to the gentleman from Oklahoma [Mr. BOREN].

Mr. BOREN. Mr. Speaker, this bill has the unanimous support of the Committee on Interstate and Foreign Commerce and should have that same support in the House. As a first-term Member of Congress, serving on that great committee, I have had opportunity to participate in a great deal of legislation affecting the railroads and railroad labor. I

am particularly proud of my part as one of those who helped to produce the Railroad Retirement Act, and I believe that this bill is second in importance to that great act in the service of the interests of labor engaged in the railroad industry. This bill has been ably presented, Mr. Speaker, and I urge, without further use of the time of the House, that we unite in a common consent and make this bill a law.

Mr. CROSSER. Mr. Speaker, I yield to the gentleman from Michigan [Mr. DINGELL] as much time as he may desire.

Mr. DINGELL. Mr. Speaker, I have been privileged to participate in the building up of the Social Security Act and the Railroad Retirement Act as a member of the Ways and Means Committee, which had charge of the original legislation. My record as to the contribution I have thus far made toward the well-being of our deserving working men and women is too well known to discuss during the few short hours remaining before adjournment of this session. I do want, however, to give my unqualified approval to the report presented by my friend from Ohio [Mr. CROSSER] and to say that it covers the subject so well that I will read for the RECORD the general statement on unemployment insurance for railroad employees covering H. R. 10127.

I am certain the House will act favorably and add substance, strength, and practicality to existing law. I quote from the report:

The bill provides for a system of unemployment insurance for the same employees as are covered by the Railroad Retirement Act of 1937, and the support of such system of unemployment insurance through contributions collected from the same employers as are subject to the Railroad Retirement Act of 1937. At present these employees and employers are included within the unemployment insurance acts of the various States. Especially with regard to relations of management and labor, Congress has long recognized that a number of problems peculiar to the railroad industry necessitate separate treatment of that industry in various aspects, rather than subjecting it to other Federal legislation applicable to industries generally or leaving it subject to varied State laws, and to meet that necessity has enacted such legislation as the Railway Labor Act, the Employers' Liability Act, and the Railroad Retirement Acts. For similar reasons, the inclusion of the railroad industry under the various State unemployment insurance acts and titles III and IX of the Social Security Act results in needless inequalities and inequities to the employers and employees. Unemployment insurance for railroad workers is especially not susceptible of treatment by numerous State plans, since a large proportion of railroad workers perform their services in more than one State and find it extremely difficult satisfactorily to adjust their rights under the somewhat varied State plans. The employers also are confronted with the problem of keeping records and making reports under the divergent requirements of the State acts. The bill provides for a system of unemployment insurance designed to meet the peculiar needs of the industry, and in so doing avoids many of the intricacies and complexities of the existing State plans.

The bill removes from the coverage of the unemployment insurance acts of the States and from title IX of the Social Security Act the employees and employers covered by the Railroad Retirement Act of 1937 and the Carriers' Taxing Act of 1937. The costs of the system, including both the payment of unemployment benefits and the administration of the act, are to be paid from funds into which are to be deposited the taxes collected from employers under the act. These taxes amount to substantially less than the aggregate of the taxes imposed by the State acts and title IX of the Social Security Act. The administration of the act is to be vested in the Railroad Retirement Board, which administers the Railroad Retirement Acts of 1937 and 1935, dealing with the related problem of retirement of railroad employees. The vesting of the administration of the act in the Railroad Retirement Board, and the identical coverage of this bill with the Railroad Retirement Acts and the Carriers' Taxing Act, will simplify the reporting burdens of the employers and the record-keeping of the administrative agency. It is the opinion of the committee, also, that the bill establishes an unemployment insurance system far simpler than those established by the States, and that under this system it will be possible for employees readily to understand their rights, and for their claims to be met expeditiously.

The bill is divided into 17 sections, as follows:

1. Definitions.
2. Benefits.
3. Qualifying conditions.
4. Disqualifying conditions.
5. Claims for benefits.
6. Conclusiveness of returns of compensation and of failure to make returns of compensation.
7. Free transportation.
8. Contributions.
9. Penalties.

10. Railroad unemployment insurance account.
11. Railroad unemployment insurance administration fund.
12. Duties and powers of the Board.
13. Exclusiveness of provisions; transfers from State unemployment compensation accounts to railroad unemployment insurance account.
14. District of Columbia Unemployment Compensation Act.
15. Transitional provisions.
16. Separability.
17. Short title.

Mr. CROSSER. Mr. Speaker, I ask for a vote on the bill.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill H. R. 10127, as amended.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays. The yeas and nays were refused.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

FAIR LABOR STANDARDS ACT OF 1938

Mrs. NORTON. Mr. Speaker, I submit a unanimous conference report and statement on the bill (S. 2475) to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes, for printing under the rule.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REVISION AND CODIFICATION OF THE NATIONALITY LAWS OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Immigration and Naturalization:

To the Congress of the United States:

I transmit herewith a report concerning the revision and codification of the nationality laws of the United States, submitted upon my request by the Secretary of State, the Attorney General, and the Secretary of Labor. The report is accompanied by a draft code, with three appendixes containing explanatory matter, prepared by officials of the three interested Departments who are engaged in the handling of cases relating to nationality.

The report indicates the desirability from the administrative standpoint of having the existing nationality laws, now scattered among a large number of separate statutes, embodied in a single, logically arranged, and understandable code. Certain changes in substance are likewise recommended.

In the enclosed letter forwarding the report to me the Secretary of State calls attention to a single question on which there is a difference of opinion between the Departments of Justice and Labor on the one hand and the Department of State on the other hand. If the committees of Congress decide to consider this question, the views of the three Departments may be presented directly to them.

I commend this matter to the Congress for the attentive consideration which its wide scope and great importance demand.

THE WHITE HOUSE, June 13, 1938.

FRANKLIN D. ROOSEVELT.

[Enclosures: 1. Report; 2. Draft code and annexes; 3. From the Secretary of State.]

CELEBRATION OF THE ANNIVERSARY OF THE BIRTH OF JOHN HAY

The SPEAKER. Pursuant to the provisions of House Concurrent Resolution 53, Seventy-fifth Congress, the Chair appoints as members of the joint committee to attend the celebration of the one hundredth anniversary of the birth of John Hay the following Members of the House: Messrs. CROWE, CROSSER, FRIES of Illinois, and WADSWORTH.

LETTER CARRIERS IN VILLAGE DELIVERY SERVICE

Mr. MEAD. Mr. Speaker, I ask unanimous consent for the immediate consideration of a concurrent resolution (H. Con.

Res. 64), which I send to the Clerk's desk, to make a correction in the enrollment of a bill.

The Clerk read the concurrent resolution, as follows:

House Concurrent Resolution 64

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 4285) to increase the salaries of letter carriers in the Village Delivery Service, the Clerk of the House is authorized and directed, in section 2 relating to the effective date, to strike out "1937" and insert "1938."

The House concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRODUCTION OF MUNITIONS OF WAR

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (H. R. 6246) to provide for placing educational orders to familiarize private manufacturing establishments with the production of munitions of war of special or technical design, noncommercial in character.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6246) to provide for placing educational orders to familiarize private manufacturing establishments with the production of munitions of war of special or technical design, noncommercial in character, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

A. J. MAY,
R. E. THOMASON,
DOW W. HARTER,
L. C. ARENDS,
CHARLES R. CLASON,

Managers on the part of the House.

ED. C. JOHNSON,
LISTER HILL,
H. C. LODGE, JR.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6246) providing for placing educational orders to familiarize private manufacturing establishments with the production of munitions of war of special or technical design, noncommercial in character, submit the following written report to the effect that the Senate receded from its amendment and accepted the bill in the exact language as it passed the House.

A. J. MAY,
R. E. THOMASON,
DOW W. HARTER,
L. C. ARENDS,
CHARLES R. CLASON,

Managers on the part of the House.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXEMPTION OF UNRIGGED VESSELS FROM CERTAIN PROVISIONS OF THE ACT OF JUNE 25, 1936

Mr. BLAND. Mr. Speaker, I call up the conference report on the bill (H. R. 7158) to except yachts, tugs, towboats, and unrigged vessels from certain provisions of the act of June 25, 1936, as amended, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7158) to except yachts, tugs, towboats, and unrigged vessels from certain provisions of the act of June 25, 1936, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment, and on page 3 of the House bill, line 1, before the figure

"4" strike out "sections 2 and" and insert "section"; and the Senate agree to the same.

S. O. BLAND,
WM. I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
FRANCIS D. CULKIN,

Managers on the part of the House.

ROYAL S. COPELAND,
JOSIAH W. BAILEY,
HIRAM W. JOHNSON,
WALLACE H. WHITE, JR.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7158) to except yachts, tugs, towboats, and unrigged vessels from certain provisions of the act of June 25, 1936, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment limited hours of labor to 8 hours in any 24 hours in the case of licensed officers and members of the crews of unrigged vessels without any limitations as to size or class, or as to waters upon which they are operated. The existing law (sec. 2 of the act of June 25, 1936) limits hours of labor of licensed officers and seamen in the deck or engine department of merchant vessels of the United States of more than 100 tons gross (except those operating on rivers, harbors, bays, canals, etc.), to 8 hours in any one day, which has been interpreted to mean from midnight to midnight. The House bill related primarily to exempting unrigged vessels, such as barges operating on sounds and to the dumping grounds outside of harbor limits, from certain provisions of law prescribing the qualifications for seamen, hours of work, and inspection of crew's quarters. Section 2 of the House bill, among other things, exempted all unrigged vessels (except seagoing vessels) from section 2 of the said act of June 25, 1936, which imposes the said limitation of 8 hours of work in any one day. The conference agreement omits the language of the Senate amendment, and strikes out of section 2 of the House bill the language which exempted unrigged vessels from section 2 of the said act of June 25, 1936, with the effect that the existing law relating to hours of labor of licensed officers and seamen of unrigged vessels will continue to apply.

S. O. BLAND,
WM. I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
FRANCIS D. CULKIN,

Managers on the part of the House.

The conference report was agreed to.

A motion to reconsider was laid on the table.

WATER-POLLUTION CONTROL

Mr. MANSFIELD. Mr. Speaker, I call up the conference report on the bill (H. R. 2711) to create a division of water, pollution control in the United States Public Health Service, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2711) to create a division of water pollution control in the United States Public Health Service, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with amendments as follows:

In the amendment of the Senate strike out subsection "c" of section 7, and strike out all of sections 8 and 9, and the Senate agree to the same.

J. J. MANSFIELD,
RENÉ L. DE ROUEN,
GEORGE N. SEGER,
ALBERT E. CARTER,

Managers on the part of the House.

ROYAL S. COPELAND,
HATTIE W. CARAWAY,
JOSEPH F. GUFFEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of

the Senate to the bill (H. R. 2711) to create a division of water pollution control in the United States Public Health Service, and for other purposes, submit the following written statement explaining the effect of the action agreed upon:

The Senate amendment struck out all of the House bill after the enacting clause, and in its amendment included practically all of the House bill. The effect of the amendment on the House bill is as follows; the House bill being printed in roman type, and the Senate amendments thereto being printed in italics:

Be it enacted, etc., That there is hereby established in the United States Public Health Service a Division of Water Pollution Control (hereinafter referred to as the Division). The Division shall be in charge of a Director, who shall be a commissioned engineer officer of the United States Public Health Service (hereinafter referred to as the Surgeon General). Such engineer officer, while serving as Director, shall have the rank of an Assistant Surgeon General of the Public Health Service, subject to the provisions of law applicable to Assistant Surgeons General in charge of administrative divisions in the District of Columbia of the Public Health Service.

Sec. 2. (a) The Division shall, after careful investigation, and in cooperation with the *Chief of Engineers of the War Department and the agencies of the several States authorized by law or duly designated to deal with water pollution, and in cooperation with the municipalities and industries involved, prepare comprehensive plans for eliminating or reducing the pollution and improving the sanitary condition of the navigable waters of the United States and streams tributary thereto. In the development of such comprehensive plans due regard shall be given to the improvements which are necessary to conserve such waters and promote their use for public water supplies, propagation of fish and aquatic life, recreational purposes, agricultural, industrial, and other legitimate uses, and for this purpose the Division is authorized to make joint investigations with the aforesaid agencies of any State or States of the condition of any waters of the United States, either navigable or otherwise, and the discharges of any sewage, industrial wastes, or substances which may deleteriously affect such waters.*

(b) The Division shall encourage cooperative activities by the several States for the prevention and abatement of water pollution; encourage the enactment of uniform State laws relating to water pollution; encourage compacts between the several States for the prevention and abatement of water pollution; collect and disseminate information; make available to State agencies, municipalities, industries, and individuals, the results of surveys, studies, investigations, and experiments conducted by the Division and by other agencies, public and private; and furnish such assistance to State agencies as may be authorized by law.

(c) *The consent of Congress is hereby given to two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative effort and mutual assistance for the prevention and abatement of water pollution and the enforcement of their respective laws relating thereto, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.*

Sec. 3. The Division, upon request of any State health authority and subject to the approval of the Surgeon General, shall conduct investigations and make surveys of any specific problem of water pollution confronting any State, drainage-basin authority, community, or municipality with a view to effecting a solution of such problem, and shall make definite recommendations for the correction and elimination of the deleterious conditions found to exist.

Sec. 4. The Public Health Service shall prepare and publish, from time to time, reports of such surveys, studies, investigations, and experiments as shall be made under the authority of this act, together with appropriate recommendations with regard to the control of pollution of the waters of the United States.

Sec. 5. Any State, municipality, or other public body which is discharging untreated or inadequately treated sewage or wastes into navigable waters of the United States or streams tributary thereto is hereby declared to be eligible to Federal aid in the form of grants-in-aid [and/or] loans for the construction of necessary treatment works, in accordance with plans approved by the respective State health authority and the Surgeon General. Such loans and grants-in-aid shall be made upon such terms and conditions as the Secretary of the Treasury with the approval of the President may prescribe, subject to the following limitations: (1) Loans or grants-in-aid shall be made only upon the certification of the State health authority having jurisdiction and upon approval and recommendation of the Surgeon General; (2) no grant-in-aid shall be made in respect of any project of an amount in excess of 33 1/3 percent of the cost of the labor and materials employed upon such project, including the cost of preparation of plans and the carrying of same into execution.

Sec. 6. Any person discharging untreated or inadequately treated sewage or waste in character or quantity sufficient to be deleterious to the navigable waters of the United States or streams tributary thereto is hereby declared to be eligible to Federal aid in the form of grants-in-aid or loans for the construction of necessary treatment works in accordance with plans approved by the respective State health authority and the Surgeon General. Such grants-in-aid or loans shall be made upon such terms and condi-

tions as the Secretary of the Treasury with the approval of the President may prescribe, subject to the following limitations: [Loans] Grants-in-aid or loans shall be made only upon the certification of the State health authority having jurisdiction and upon approval and recommendation of the Surgeon General.

Sec. 7. (a) There is hereby established in the Division, by detail from time to time, a board of five commissioned engineer officers of the Public Health Service, a majority of whom shall be experienced in sanitary engineering, whose duties shall be fixed by the Surgeon General and to which board shall be referred for consideration and recommendations, in addition to any other duties assigned, so far as in the opinion of the Surgeon General may be necessary, all reports of examinations, investigations, plans, and surveys made pursuant to the provisions of this act or hereafter provided for by Congress, and all applications for grants-in-aid or loans for the construction of necessary treatment works made pursuant to sections 5 and 6 of this act, and all other matters in connection therewith upon which report is desired by the Surgeon General. The board shall submit to the Surgeon General recommendations as to the desirability of commencing, continuing, or extending any and all projects for treatment works upon which reports are desired and for which grants-in-aid or loans have been applied. In the consideration of such proposed treatment works and projects the board shall have in view the benefits to be derived by the construction thereof in accomplishing the purposes of this act, and the relation of the ultimate cost of such works, both as to the cost of construction and maintenance, to the public interests involved, the public necessity for such works and propriety of construction in part at the expense of the United States, and the adequacy of the provisions made or agreed upon by the applicant for the grant-in-aid or loan for assuring proper and efficient operation and maintenance of the works after completion of the construction thereof. The board shall, when it considers the same necessary, and with the approval and under orders from the Surgeon General, make as a board or through its members, personal examinations of localities where the proposed treatment works are to be located. All plans, [cost] costs estimates, information, and arguments which are presented to the board for its consideration in connection with any matter referred to it by the Surgeon General shall be reduced to and submitted in writing, and shall be made a part of the records of the Office of the Surgeon General.

(b) As soon as practicable, the board shall classify the navigable waters of the continental United States into districts to be known as sanitary water districts. The board shall fix and define the boundaries of each such district and may from time to time alter such boundaries. The areas of such districts shall, insofar as practicable, conform to the areas of watersheds not wholly contained within the boundaries of one State.

(c) The board shall fix standards of purity in each such district for the navigable waters thereof and for such tributaries from which pollution may flow, be washed, or carried into such navigable waters; shall establish minimum requirements as to the treatment of polluting material before it is discharged into such waters; and shall promulgate regulations governing the discharge of any matter or materials into such waters.

[(b)] (d) All special reports ordered by the Congress pursuant to the provisions of this act shall, at the discretion of the Surgeon General, be reviewed in like manner by the said board; and the said board shall also, on request by resolution of the Committee on Commerce of the Senate or the Committee on Rivers and Harbors of the House of Representatives submitted to the Surgeon General, examine and review the report of any examination, investigation, survey, or project for the elimination or reduction of water pollution or for treatment works made pursuant to any act or resolution of the Congress, and shall report through the Surgeon General, who shall submit his conclusions thereon as in other cases. The said board shall, at the discretion of the Surgeon General, make estimates of the amount of money required each year for each and all project applications for treatment works which have been approved under the provisions of sections 5 and 6 of this act, for an extension of Federal aid in the form of grants-in-aid or loans to any States, municipalities, or other public bodies or in the form of loans to persons, as provided for in said sections. The board shall recommend the order or sequence of priority for such individual projects in accordance with their estimated importance or value in the elimination or reduction of water pollution as determined by the said board as hereinbefore provided, and shall report thereon through the Surgeon General, who shall submit his conclusions as in other cases.

[(c)] (e) The Secretary of the Treasury shall cause the manuscript of that portion of the annual report of the Surgeon General as is concerned with the Division, including a schedule of approved projects for treatment works and cost estimates thereof for grants-in-aid and loans together with such supplementary reports as may be pertinent thereto, to be placed in the hands of the Public Printer on or before the 15th day of October in each year, and the Public Printer shall cause such portion of the annual report of the Surgeon General and supplementary reports to be printed with an accurate and comprehensive index thereof, on or before the 3d day of January in each year, for the use of the Congress; and all special reports of investigations of surveys which may be prepared during the recess of the Congress shall, in the discretion of the Secretary of the Treasury, be printed by the Public Printer as documents of the following session of the Congress.

[(d)] (f) There are authorized to be appropriated such sums as may be necessary to carry out such projects or portions thereof for treatment works as are authorized annually by the Congress from the schedule of approved projects and cost estimates submitted to the Congress as hereinbefore provided, and the appropriations therefor shall be included in the annual appropriation bill for the Treasury Department or in any other supplementary or deficiency appropriation bill. Grants and loans thus provided for shall be made by the Secretary of the Treasury under the conditions set forth in sections 5 and 6 of this act. Any moneys appropriated for such projects shall remain available for expenditure for such purpose until the expiration of the fiscal year next succeeding the fiscal year for which the appropriation is made. In case that the costs of construction of treatment works are less than the original estimates as appropriated for by Congress, the proportionate part of such moneys belonging to the United States as has not been expended shall be refunded or returned to the Treasury of the United States, under such rules and regulations as the Secretary of the Treasury may prescribe. In case that the costs of construction of treatment works exceed, or appear likely to exceed, the original estimates as appropriated for by Congress, the Surgeon General may submit to Congress, as in other cases, estimates of the additional moneys necessary to meet increased costs arising because of unforeseen contingencies, structural difficulties, or other causes, which, in the opinion of the Surgeon General, require consideration by Congress. Alterations of, amendments, or revisions to approved project plans for treatment works which do not increase the total cost of the projects may be authorized at the discretion of the Surgeon General.

Sec. 8. Pursuant to the powers of the United States to regulate interstate commerce and navigation; to extend, change, and amend the Admiralty and Maritime Act; to give due effect to the Migratory Bird Treaty; and to protect the fisheries, particularly the anadromous fish, Congress hereby declares the discharge or deposit of any waste, except the normal discharge of sewage from toilets of boats or from the galley sink drains or the normal amount of oil that may be discharged from the exhaust pipe of a motorboat, or other substance, whether in a solid, gaseous, or liquid state, into any of the navigable waters of the United States, or into any tributary from which the same may flow, be washed, or carried into any of such navigable waters, in violation of regulation or regulations promulgated by the board, if such waste or other substance is or may be injurious to human health or to any other form of life, including aquatic life, or to migratory birds as defined in the Migratory Bird Treaty of August 16, 1916, or impairs in any manner the utility of such waters for navigation purposes, to be against the public policy of the United States and to be a public and common nuisance. After the expiration of 3 years after the date of enactment of this act an action to prevent or abate any such nuisance may be brought in the name of the United States by any United States attorney, and it shall be the duty of such attorneys to bring such an action when directed to do so by the Attorney General of the United States. Such action shall be brought as an action in equity and may be brought in any court of the United States in the district where the alleged nuisance exists.

Sec. 9. Nothing contained in this act shall be construed to limit in any manner the rights of any person or public body to bring actions for damages on account of the pollution of any waters, or for the abatement of such pollution.

Sec. [8] 10. There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1938, the sum of \$300,000, for all necessary expenses of the Division in administering the provisions of this act, including: (a) Expenses of investigations made under this act, including (1) printing and binding of the findings of such investigations, (2) the pay and allowances and travel expenses of personnel of the Public Health Service (including commissioned officers) while engaged in field investigation, (3) (upon the approval of the Surgeon General) the expenses of packing, crating, drayage, and transportation of the personal effects of such personnel and personnel of other Government departments on duty with the Public Health Service upon permanent change of station under competent orders in connection therewith while engaged in such investigations, and (4) purchases required for such investigations, without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), when the aggregate amount involved does not exceed \$100; (b) upon approval of the Surgeon General, the necessary expenses of the board of engineer officers provided for in section 7 of this act; (c) the pay and allowances and travel expenses of reserve engineer officers while on active duty under section 10 (a) of this act; and (d) for the reimbursement of appropriations insofar as expended for pay and allowances of personnel detailed to the Division under section 10 (c) or 10 (d) of this act.

Sec. [9] 11. There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1938, the sum of \$700,000, to be paid to the States for expenditures by or under the direction of their respective State health authorities in the promotion, investigation, surveys, and studies necessary in the prevention and control of water pollution; this sum to be allotted, under the supervision of the Surgeon General, to the States in accordance with rules and regulations prescribed by the Secretary of the Treasury. The amount of any allotment for any fiscal year remaining unpaid at the end of such fiscal year shall be available for allotment hereunder for the succeeding fiscal year, in addition to the amount appropriated for such year.

Sec. [10] 12. (a) For the administration of this act the Secretary of the Treasury may, upon recommendation of the Surgeon General, appoint such engineers, attorneys, experts, research assistants, examiners, and consultants as may be necessary, and fix their compensation, in the manner provided by law for the appointment and fixing of compensation of such personnel of the Public Health Service; and the Surgeon General is authorized to transfer, assign, or detail to the Division, from any other division of the Public Health Service, such professional and scientific personnel as may be available. Not exceeding 10 engineer officers in the reserve of the Public Health Service may be ordered to active duty for such periods of time as may be desirable, extending not more than 5 years beyond the date of enactment of this act, to assist in carrying out the purposes thereof.

(b) Such clerks, stenographers, and other employees as may be necessary to discharge the duties of the Division and for the investigations in the field shall be appointed by the Secretary of the Treasury in accordance with the civil-service laws, and their compensation shall be fixed in accordance with the Classification Act of 1923, as amended, and he shall prescribe such rules and regulations with respect to their duties as he may find necessary.

(c) The personnel of the Public Health Service paid from any appropriation not made pursuant to section 8 may be detailed to assist in carrying out the purposes of this act.

(d) The Secretary of the Treasury, with the consent of the Secretary of any other department of the Federal Government, may utilize such officers and employees of said department as may be found necessary to assist in carrying out the purposes of this act.

Sec. [11] 13. When used in this act, the term "State health authority" means the official State health department, State board of health, or such other official State agency as is empowered with the duties of enforcing State laws pertaining to health; the term "treatment works" means the various devices used in the treatment of sewage or industrial waste of a liquid nature, including the necessary intercepting sewers, outfall sewers, pumping and power equipment and their appurtenances; the term "person" means an individual in the capacity of proprietor of an industrial enterprise, a partnership, a private corporation, an association, a joint-stock company, a trust, or an estate.

Sec. [12] 14. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

Sec. [13] 15. This act may be cited as the Water Pollution Act. As the result of the conference, subsection (c) of section 7, and sections 8 and 9 are eliminated from the bill.

J. J. MANSFIELD,
RENÉ L. DEROUEN,
GEORGE N. SEGER,
ALBERT E. CARTER,

Managers on the part of the House.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ADMINISTRATIVE PROVISIONS OF THE TARIFF ACT OF 1930

Mr. McCORMACK. Mr. Speaker, I call up the conference report on the bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes.

The Clerk read the conference report.

Mr. McCORMACK (interrupting the reading of the report). Mr. Speaker, I ask unanimous consent that the further reading of the report may be dispensed with.

Mr. RICH. Mr. Speaker, reserving the right to object, what revision is the gentleman proposing to make with reference to the tariff?

Mr. McCORMACK. This is a bill that passed the House and the Senate and is a noncontroversial report. The bill passed this body last year, and the House provisions are retained. There were some amendments put on in the Senate, and they have been adjusted.

Mr. RICH. It is not a bill to reduce the tariff in any way?

Mr. McCORMACK. No. It relates to the administrative features of the customs law.

Mr. RICH. It is not proposed to lower any tariffs without hearings?

Mr. McCORMACK. No; we put three things on a tariff.

Mr. RICH. You ought to put a whole lot more on.

Mr. McCORMACK. I thank the gentleman for his compliment.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts that the further reading of the conference report be dispensed with?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 26, 29, 44, 45, and 71.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 7, 8, 9, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25, 37, 38, 39, 41, 42, 48, 50, 52, 61, 68, 69, 72, 74, and 75, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: On page 2 of the Senate engrossed amendments, line 4, strike out "reasonably"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with the following amendment: Retain the matter proposed to be inserted by the Senate amendment, and on page 5, line 4, of the House bill strike out "(E)"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with the following amendments: On page 3 of the Senate engrossed amendments, line 20, strike out "continuous customs custody", and in lieu thereof insert the following: "bonded warehouses, bonded manufacturing warehouses, or continuous customs custody elsewhere than in a bonded warehouse"; on page 4 of the Senate engrossed amendments, lines 15 and 16, strike out "continuous customs custody", and in lieu thereof insert the following: "bonded warehouses, bonded manufacturing warehouses, or continuous customs custody elsewhere than in a bonded warehouse"; on page 5 of the Senate engrossed amendments, line 9, after "Secretary of Commerce", insert the following: "that he has found"; and on page 5 of the Senate engrossed amendments, line 13, after "Treasury", insert the following: "that he has found"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with the following amendment: On page 11 of the Senate engrossed amendments, line 3, strike out "13", and in lieu thereof insert "13"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with the following amendment: On page 14 of the Senate engrossed amendments, line 18, strike out "27", and in lieu thereof insert "25"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with the following amendment: On page 15 of the Senate engrossed amendments, line 17, strike out "33", and in lieu thereof insert "31"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with the following amendments: On page 16 of the Senate engrossed amendments, line 2, strike out "34", and in lieu thereof insert "32"; and on page 16 of the Senate engrossed amendments, line 5, strike out "thirty", and in lieu thereof insert "fifteen"; and the Senate agree to the same.

Amendments numbered 65 and 66: That the House recede from its disagreement to the amendments of the Senate numbered 65 and 66, and agree to the same with the following amendment: Beginning with the word "but" in line 17, page 33, of the House bill, strike out all down to and including "articles," on page 34, line 2, and insert in lieu thereof the following: "but such duties shall not be levied or collected on any merchandise (except white soft wastes, white threads and nolls, which shall be dutiable at seven-eighths of such regular duties when used or transferred for use otherwise than in the manufacture of the enumerated articles) resulting in the usual course of manufacture of such enumerated manufactured articles which cannot be used (with or without further preparation) in the usual course of the manufacture of such enumerated articles, or which is exported or destroyed"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76 and agree to the same with the following amendment: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That (a) in the case of articles acquired in any country other than a contiguous country which maintains a free zone or free port, the exemption authorized by the preceding proviso shall apply only to articles so acquired by a returning resident who has remained beyond the territorial limits of the United States for a period of not less than forty-eight hours and (b) in the case of articles acquired in a contiguous country which maintains a free zone or free port, the Secretary of the Treasury shall by special regulation or instruction, the

application of which may be restricted to one or more individual ports of entry, provide that the exemption authorized by the preceding proviso shall be applied only to articles acquired abroad by a returning resident who has remained beyond the territorial limits of the United States for not less than such period (which period shall not exceed twenty-four hours) as the Secretary may deem necessary in the public interest or to facilitate enforcement at the specified port or ports of the requirement that the exemption shall apply only to articles acquired as an incident of the foreign journey: *Provided further*, That the exemption authorized by the second preceding proviso shall apply only to articles declared in accordance with regulations to be prescribed by the Secretary of the Treasury by a returning resident who has not taken advantage of the said exemption within the thirty-day period immediately preceding his return to the United States: *Provided further*, That no such special regulation or instruction shall take effect until the lapse of ninety days after the date of such special regulation or instruction"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77 and agree to the same with the following amendment: On page 39 of the House bill, strike out lines 17 to 19, inclusive, and insert in lieu thereof the following:

"Sec. 37. Sections 31 and 34 of this Act shall take effect on the date of enactment of this Act. Except as otherwise specially provided in this Act, the remainder of this Act shall take effect on the thirtieth day following the date of its enactment."

And the Senate agree to the same.

Amendments numbered 27, 28, 30, 31, 32, 34, 35, 36, 40, 43, 46, 47, 49, 51, 53, 54, 56, 57, 58, 59, 60, 64, 67, 70, and 73: That the House recede from its disagreement to the amendments of the Senate numbered 27, 28, 30, 31, 32, 34, 35, 36, 40, 43, 46, 47, 49, 51, 53, 54, 56, 57, 58, 59, 60, 64, 67, 70, and 73, and agree to the same with amendments, as follows: In lieu of the matter proposed to be inserted by the Senate amendments, insert "8," "9," "10," "11," "12," "14," "15," "16," "17," "18," "19," "20," "21," "22," "23," "24," "26," "27," "28," "29," "30," "33," "34," "35," and "36," respectively; and the Senate agree to the same.

The committee of conference have not agreed on amendment numbered 12.

THOMAS H. CULLEN,
MORGAN G. SANDERS,
JOHN W. MCCORMACK,
HAROLD KNUSTON,

Managers on the part of the House.

DAVID I. WALSH,
TOM CONNALLY,
JOSIAH W. BAILEY,
BENNETT CHAMP CLARK,
A. H. VANDENBERG,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This amendment changes the year in the short title of the act to agree with the year of enactment. The House recedes.

On amendments Nos. 2 and 3: These amendments provide that shipments to Wake Island, Midway Islands, or Kingman Reef shall be treated as exportations in the case of goods shipped from customs manipulation warehouses in the same manner as goods so shipped from other customs warehouses. The amendments are necessary to complete the separation of the places named from the territory subject to the customs laws of the United States. The House recedes.

On amendments Nos. 4 and 5: These are clerical amendments. The House recedes.

On amendment No. 6: The House bill authorized the Secretary of the Treasury to determine the character, method, and place of marking articles to indicate their origin, and to require additional marking to prevent deception or mistake. The Senate amendment eliminated this authority in the case of articles subject to special marking provisions of the tariff law. The Senate recedes.

On amendments Nos. 7, 8, and 9: The House bill provided that the Secretary of the Treasury may by regulation prescribe the method of marking imported goods to indicate the country of their origin. The Senate amendments provided that the requirements of the Secretary of the Treasury should be "reasonable." The House recedes.

On amendment No. 10: The House bill provided that the Secretary of the Treasury may provide by regulation the place on the article where the marking shall appear. The Senate amendment provided it should be a "reasonably conspicuous" place. The House recedes with an amendment to strike out the word "reasonably."

On amendment No. 11: This is a clerical amendment. The House recedes.

On amendment No. 13: This amendment expressly provides that the usual containers of importations need not be marked to indicate the origin of the containers. The House recedes with an amendment which retains the Senate amendment, and in addition strikes out "(E)", on page 5, line 4, of the House bill.

On amendment No. 14: The House bill provided that when imported articles were not properly marked to indicate their origin the examination packages from the shipment should not be delivered until the articles therein and all other articles of the importation were properly marked. The Senate amendment adds a provision to authorize the release of the articles in examination packages if estimated marking duty on the unmarked articles is deposited. This will cover cases where articles released from customs custody cannot be recovered for proper marking and will not interfere with the collection of penalties under entry bonds for failure to re-deliver the released goods where the importer has not been diligent to secure proper marking. The House recedes.

On amendment No. 15: This is a clerical amendment. The House recedes.

On amendments Nos. 16 and 17: These are clarifying amendments. The House recedes.

On amendments Nos. 18, 19, 20, 21, and 22: The House bill provided that nonresidents might import vehicles or boats for racing or personal transportation for a period not to exceed 90 days (or 6 months in the case of vehicles and craft from a country which accords a similar privilege to vehicles and craft of the United States) without furnishing a bond to assure exportation. The Senate amendments extend similar privileges to horses imported for like purposes. The House recedes.

On amendment No. 23: This amendment adds a new section to the bill which extends to foreign vessels and to domestic aircraft the privileges of free withdrawal of imported supplies now enjoyed by domestic vessels engaged in foreign trade. It also provides, on a basis of reciprocity, for the free withdrawal of imported supplies and equipment for a foreign aircraft engaged in international commerce. The House recedes with clarifying amendments.

On amendments Nos. 24 and 25: These amendments make changes in section numbers. The House recedes.

On amendment No. 26: This amendment provided for declaratory rulings by means of which the Treasury Department could advise importers and others concerning customs rights and liabilities and divest the Department of the power to reverse itself within a specified minimum of time, normally 1 year. The Senate recedes.

On amendments Nos. 27 and 28: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 29: The House bill provided for the payment of overtime compensation to customs employees in all cases where overtime services are rendered in behalf of any private interests. Payment of such compensation cannot be required under existing law for services rendered otherwise than for a common carrier in connection with traffic over highway bridges and tunnels, but where such services are required it is the practice of the Treasury Department to maintain employees on regular tours of duty without requiring them to work overtime. The Senate amendment was designed to continue this situation by exempting the operators of highway bridges and tunnels from any liability for payment of overtime compensation. The Senate recedes.

On amendments Nos. 30, 31, and 32: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 33: This amendment provides that agents of individuals or partnerships may sign the consignee's declarations required by law for each importation of merchandise, provided such agents have actual knowledge of the facts alleged in the declaration. Under existing law such declarations may be signed by agents only if the consignee is a corporation. The House recedes with an amendment changing the section number.

On amendments Nos. 34, 35, and 36: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 37: The House bill provided that a special regulation or instruction of the Secretary of the Treasury permitting the examination of less than the usual 10 percent of each importation may be applicable only at one or more ports, to one or more importations, or to one or more classes of merchandise. The Senate amendment provides that all such regulations or instructions shall be published within 15 days after issuance and before the liquidation of any customs entries affected thereby. The House recedes.

On amendment No. 38: The House bill provided that no customs appraisement shall be held invalid because less than the statutory quantity of merchandise was examined, unless the person claiming invalidity establishes that an incorrect appraisement resulted from the failure to examine additional goods. The Senate amendment prevents retroactive effect of this provision. The House recedes.

On amendment No. 39: The House bill provided that appraising and examining officers should be competent to testify in customs valuation litigation as to facts within their knowledge or obtained from certain records notwithstanding an original appraisement should be held invalid and the merchandise or samples thereof not be available for examination. The Senate amendment elimi-

nated this provision and revised the remaining language for purposes of clarification. The House recedes.

On amendment No. 40: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendment No. 41: The House bill amended the provisions of the Tariff Act of 1930 relating to protests by American manufacturers against the classification of competitive imports. The Senate amendment provides that such protests shall have precedence in the customs courts. The House recedes.

On amendment No. 42: This is a clarifying amendment. The House recedes.

On amendment No. 43: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendments Nos. 44 and 45: These amendments added to the House bill by the Senate would have repealed provisions of existing law which require comptrollers of customs to verify all assessments of duties and allowances of draw-back made by collectors. The Senate recedes.

On amendments Nos. 46 and 47: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 48: The House bill provided that taxes on imports shall be construed to be customs duties only if the law under which they are imposed provides that they shall be treated as customs duties. The Senate amendment makes it clear that the provision does not affect the jurisdiction of the customs courts. The House recedes.

On amendment No. 49: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendment No. 50: The House bill contained a provision to permit the transportation of automobiles between foreign points through the United States otherwise than by common carrier, even though common carrier facilities were available. The Senate struck out this provision and the House recedes.

On amendment No. 51: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendment No. 52: This is a clarifying amendment. The House recedes.

On amendments Nos. 53 and 54: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 55: This Senate amendment inserted a new section in the bill to permit manipulation of merchandise, such as may now be done in bonded warehouses, to be done elsewhere than in a bonded warehouse in cases where neither the protection of the revenue nor the proper conduct of customs business requires that such manipulation be done in a bonded warehouse. The House recedes with an amendment changing the section number.

On amendments Nos. 56, 57, 58, 59, and 60: These amendments make changes in section numbers. The House recedes with amendments further changing such section numbers.

On amendment No. 61: This is a clarifying amendment. The House recedes.

On amendment No. 62: Under existing law as construed by the Treasury Department, dates packed in bricklike units, weighing less than 10 pounds each and separated by strips of paper but not enclosed in separate containers, may be imported without paying the rate of 7½ cents per pound provided in the Tariff Act for dates "in packages weighing with the immediate container not more than 10 pounds each." The Senate amendment gives effect to the original intent of Congress by applying the 7½-cent rate to such dates. The House recedes with an amendment changing the section number.

On amendment No. 63: Existing law provides that a claim for losses in excess of 10 percent in a package of imported liquor, resulting from leakage or damage on the voyage of importation, shall be allowed only if the loss is verified by an affidavit of the importer filed within 5 days after delivery of the merchandise. The Senate amendment extended the period for filing the affidavit to 30 days from the date of delivery of the merchandise. The House recedes with amendments to make the period 15 days from the date of delivery of the merchandise, and to change the section number.

On amendment No. 64: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendments Nos. 65 and 66: The House bill provided that wastes, whether white or colored, resulting in the usual course of manufacture of carpets and other articles enumerated in the second proviso to paragraph 1101 (a) of the Tariff Act of 1930 should be subject to the regular duties provided for in the Tariff Act if they could be used, with or without further preparation, in the manufacture of such article and were not so used; and that noils should be dutiable at the rate which was being applied on July 1, 1937. The Senate amendment provided that such wastes and noils should be subject to the regular duties when not used in the manufacture of the enumerated articles if they could be used (with or without further preparation) in the manufacture of the enumerated articles or in the manufacture of any knit or woven fabrics, blankets, or other textile articles. The conference agreement restores the provision contained in the House bill with an exception which provides

that white soft wastes, white threads, and noils shall be dutiable at seven-eighths of the regular duties in cases in which they are used or transferred for use otherwise than in the manufacture of the enumerated articles without regard to whether they can be used (with or without further preparation) in the manufacture of the enumerated articles. The Senate amendment also provided that no duty should be assessed on wastes and noils which are exported. The conference agreement extends this exemption to wastes and noils which are either exported or destroyed.

On amendment No. 67: This amendment changes a section number and makes a clerical amendment. The House recedes with an amendment further changing such section number.

On amendment No. 68: Existing law, as established by a recent court decision, provides that hat bodies and similar articles are dutiable under paragraph 1115 (b) of the Tariff Act of 1930 only if made from a material which existed as felt before the bodies and other articles were made. The Senate amendment provides that hat bodies and similar articles shall be dutiable under paragraph 1115 (b), as originally intended by the Congress, if they are in chief value of wool felt, regardless of the time when the material became felt. The House recedes.

On amendment No. 69: Existing law, as established by a court decision, provides that certain cheap Oriental rugs with a crude design made by colored threads on the narrow strip of base fabric appearing between the pile and fringe are dutiable as embroidered articles rather than as rugs. The Senate amendment provides that they shall be dutiable as rugs according to the original intent of the Congress. The House recedes.

On amendment No. 70: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendment No. 71: This amendment provided for the free entry of containers of foreign merchandise made abroad from lumber exported from the United States. The Senate recedes.

On amendment No. 72: This is a clarifying amendment. The House recedes.

On amendment No. 73: This amendment changes a section number. The House recedes with an amendment further changing such section number.

On amendment No. 74: This is a clerical amendment. The House recedes.

On amendment No. 75: This amendment provides that not more than 100 cigars may be included in the \$100 exemption accorded residents of the United States returning from abroad for articles acquired for their personal use. The House recedes.

On amendment No. 76: Section 31 of the House bill provided that the \$100 exemption should be accorded only to returning residents who had remained abroad for not less than 48 hours. The Senate amendment eliminated this provision and provided that the Secretary of the Treasury might by special regulation or instruction, which could be restricted to one or more ports, provide that the exemption could be accorded returning residents who had remained abroad for such period as was required by the applicable special regulation or instruction except that such regulation or instruction could not require them to stay abroad more than 48 hours in order to get the exemption. The Senate amendment also provided that the section should not take effect until 90 days after the effective date of the act, and that no special regulation or instruction should become effective until 90 days after its issue. The conference agreement eliminates the Senate amendment postponing the effective date of the section for 90 days and restores the flat statutory 48-hour requirement as to articles acquired in countries other than Mexico. In the case of articles acquired in Mexico, the Secretary of the Treasury shall by special regulations or instructions, which may be restricted in their operation to one or more individual ports of entry, provide that the exemption may be accorded to a returning resident who has remained abroad for not less than such period (which shall not exceed 24 hours) as the Secretary deems necessary in the public interest or to facilitate enforcement at the specified port or ports of the requirement that the exemption shall be accorded only to articles which are acquired as an incident of the foreign journey.

On amendment No. 77: The House bill provided that, unless otherwise specially provided, the act should not take effect until the thirtieth day after the enactment date. The Senate amendment made a change in the section number, to which the House receded with a further change in the section number and with the added provision that sections 31 and 34 should become effective on the enactment date.

On amendment No. 12 the conferees are unable to agree.

THOMAS H. CULLEN,
MORGAN G. SANDERS,
JOHN W. McCORMACK,
HAROLD KNUTSON,

Managers on the part of the House.

Mr. McCORMACK. Mr. Speaker, I yield to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, the primary purpose of the bill is to regulate salaries and charges of investigations, is it not?

Mr. McCORMACK. No; this is the bill that came out of the subcommittee of which the distinguished gentleman from New York [Mr. CULLEN] is the chairman, to amend, in the

main, certain administrative provisions of the Tariff Act of 1930.

Mr. JENKINS of Ohio. In a few words what does it do?

Mr. McCORMACK. It clarifies existing law in many respects, simplifies it for the benefit of business, and the purpose of the bill is to assist not only the American manufacturer, but the importer, so far as the simplification of the law is concerned. It covers 20 or 30 different subjects.

Mr. JENKINS of Ohio. Mr. CULLEN was the author of the bill?

Mr. McCORMACK. He was the chairman of the subcommittee. The distinguished gentleman from North Carolina [Mr. DOUGHTON], as I remember it, introduced the bill originally.

Mr. PIERCE rose.

Mr. McCORMACK. That is the bill that the gentleman from Oregon is interested in. We are going to recommend an amendment.

Mr. PIERCE. On the marking of lumber?

Mr. McCORMACK. Yes. We retain the Senate provision, with an amendment. That particular Senate amendment is in disagreement, and, with the acceptance of the conference report, I shall move to recede and concur in the Senate amendment with an amendment.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. RICH. I congratulate the gentleman from Massachusetts if he has placed a tariff on any commodity whereby it will help American labor and American manufacturers, but if it is within the province of this committee, or some committee, to limit the great importations coming into the country now and in that way benefit American labor and manufacturers, I wish that committee would do it.

Mr. McCORMACK. In answer to the gentleman let me say that for years there has been coming into this country certain woolen blankets, which, because of technical language of our tariff law, came in duty-free, because of a little fringe on it, or something of that kind. For years they have been trying to have that put on the dutiable list, even when the party of my distinguished friend from Pennsylvania was in the majority.

Of course, my distinguished friend from Massachusetts [Mr. TREADWAY] knows that one of the most substantial supporters of the Republican Party in Massachusetts is the woolen industry, a fine body of men, but they are stalwart Republicans, and during the Republican administration even they could not get that put on the dutiable list. It has remained for this administration to do it. We are putting it on the dutiable list. Also, by reason of a recent decision of the United States Customs Court, woolen felt hats coming into this country, because of another technicality of the law, were given a lower duty than that imposed by the Treasury Department. This bill meets that decision and provides the imposition of the higher duty. Also, for the woolen industry of all of the country, we provide in this bill for the imposition of a duty on certain oriental rugs coming into this country. A rug with a little design on it, even a little thread which could be taken out, was not subject to duty. Simply because the little fringe or thread with a design on it could be pulled out, it came in duty free because of a technicality. It was an avoidance of the duty.

Again, while my Republican friends did not take care of that—and I say this not in criticism, but for the information of my friend from Pennsylvania—that was taken care of also in this bill. So the gentleman can see that we Democrats have been very considerate of American business in those particular respects, even though up my way most of those in that business activity, while outstanding citizens, are stalwart supporters of the party of which my distinguished friend is a member. In this bill the Democratic majority has been kind to them.

Mr. RICH. And if there are any more duties that the gentleman can put on, I say as a Republican I think he ought to put them on—put them on everything.

Mr. McCORMACK. Does not my friend compliment the committee on what it has done?

Mr. RICH. Yes; but the committee did not go far enough.

Mr. McCORMACK. But we went further than the gentleman's party did.

Mr. RICH. And what is the committee doing about the 24,000 bales of cotton that are coming in here free of duty? The gentleman ought to protect the cotton industry.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. CELLER. Have there been taken from the bill a great many technicalities which have prevented the very efficient Customs Bureau of the Treasury Department from rendering decisions fairly quickly? Businessmen in New York are complaining that they have been unable to get decisions from the Treasury Department expeditiously. The Treasury Department, particularly the Customs Bureau, also complain that the technicalities of the act precluded them from rendering decisions as quickly as they desired. Has that been remedied by the bill?

Mr. McCORMACK. Where protests are made by American manufacturers, we have provided that preferential action shall be taken in the Customs Court. That is not only for the benefit of the American producers and manufacturers, but also for the benefit of the importers. That is in this bill.

Mr. CELLER. I understand that the effective date of the act varies with the various provisions of the act.

Mr. McCORMACK. The bill, in general, takes effect 30 days after its passage, but with reference to the three items that I called to the attention of my distinguished friend from Pennsylvania [Mr. RICH], and for his information, the bill becomes effective 1 day after it becomes law.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. McLAUGHLIN. Can the gentleman inform the House whether this bill in any way affects the judicial functions of the Customs Court?

Mr. McCORMACK. The Senate has receded on that item.

Mr. McLAUGHLIN. That is not in the bill.

Mr. McCORMACK. No.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield further?

Mr. McCORMACK. I yield.

Mr. TREADWAY. In spite of the information the gentleman from Massachusetts gave the gentleman from Pennsylvania, is it not a fact that this bill corrects technicalities in administration rather than purposely affecting any duty or rates as established by previous law?

Mr. McCORMACK. The gentleman is absolutely correct, with the exception of the three matters to which I referred. The effect of these administrative changes is to transfer two of them from the duty-free list to the dutiable list, and in the case of woolen felt hats, to provide for the higher duty.

Mr. TREADWAY. I appreciate that. Notwithstanding that, it was not the intention of the gentleman or his subcommittee directly to affect tariff policies or tariff rates.

Mr. McCORMACK. Except that 75 percent of a tariff law is controlled by its administrative features. For instance, in those cases where there is an ad valorem duty or a specific duty and an ad valorem duty, a combination, it is controlled to a great extent by the administrative features of the law; but the gentleman's statement, as a general proposition, is correct.

Mr. TREADWAY. I am entirely in favor of the bill as drawn by the subcommittee, and I think my colleagues of this side on the Ways and Means Committee are also in favor of it. The only exception I take to the statement made by my colleague was his reference to stalwart Republicans. He seemed to imply that it was more or less of a disgrace to be a stalwart Republican.

Mr. McCORMACK. Oh, no, no.

Mr. TREADWAY. On the contrary, I think it is to a man's credit to be a stalwart Republican, and I hope there

will be more in the near future. Aside from that, I agree with the gentleman.

Mr. McCORMACK. The gentleman does himself an injustice when he erroneously interprets my statement. I do not think I said anything which would justify the construction he places on it. I was endeavoring to enlighten the gentleman from Pennsylvania as to some very important facts in which I knew he was interested.

Mr. TREADWAY. If the gentleman will permit this one further observation, my objection goes to the way in which the gentleman referred to the stalwart Republicans, as though that was something to be avoided.

Mr. McCORMACK. I think it is a fine thing to have stalwart Democrats and stalwart Republicans.

Mr. TREADWAY. I wish there were more of them.

Mr. McCORMACK. I believe in a two-party system.

Mr. TREADWAY. And I believe in having them more nearly equal.

Mr. McCORMACK. That is a different question.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DINGELL. Can the gentleman tell us about the provision in H. R. 8099 pertaining to the markings of imported materials, both crude and finished products?

I have given assurance to many of my constituents that some of their fears with regard to the loosening up of regulations which would permit importations of commodities from foreign countries will not materialize. I have pursued this particular phase of the regulations with my friend and discussed it. I understand that such weaknesses as may have appeared originally have now been completely eliminated and that the American purchaser will receive more protection under the new revised administrative customs law than was possible heretofore. For this reason I was willing to go along with the bill.

Mr. McCORMACK. The gentleman's statement is in general correct. With reference to section 304 on page 2 of the bill, which eliminated exemption from the marking of containers—I assume that is what the gentleman is referring to.

Mr. DINGELL. That is the most important.

Mr. McCORMACK. That is at least eliminated in this conference report.

I may also advise the gentleman with reference to another amendment in which he was interested in relation to the customs employees and their peculiar situation at Detroit that it has been retained in the bill. It was in the House bill, was stricken out in the Senate, but it has been restored in conference. It was the amendment that the gentleman so ably fought to have incorporated in the House bill.

Mr. DINGELL. One more question: The gentleman will remember I sponsored an amendment relative to the 48-hour provision on importations of \$100 worth of commodities once every 30 days. I believe it was Senator CONNALLY who insisted upon a certain differential, but, as I understand it now, the compromise between the House and the Senate permits an exception to be made only insofar as goods coming in from Mexico are concerned, but that the 48-hour provision pertains with reference to the East, the North, and the West.

Mr. McCORMACK. The gentleman's understanding is absolutely correct.

Mr. THOMASON of Texas. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. THOMASON of Texas. I was interested in the question asked by the gentleman from Michigan relative to that provision of the bill requiring tourists to remain in Mexico 48 hours before they could avail themselves of the exemption.

Mr. McCORMACK. An exception has been made insofar as the Mexican border is concerned, leaving discretion with the Treasury Department.

It would permit them to go back over, like now, except the 48-hour provision will apply to the rest of the United States.

Mr. THOMASON of Texas. May I say in that connection that the city of Brownsville, which Mr. West represents,

and the city of El Paso, which I represent, enjoy a large tourist travel. A great many tourists want to go to cities across the Rio Grande in Mexico to get some curios or things of that sort. They also want to see a foreign country. Surely they should not be required to stay over there, where there are poor hotel accommodations, for 48 hours before they can avail themselves of the exemption. I do not want the hotels, tourist camps, and restaurants of my city penalized by any such hard and fast regulation.

Mr. McCORMACK. We have permitted in the conference report the Treasury Department to make an exception up to 24 hours. In other words, you do not have to stay out over 24 hours. The amendment which Senator CONNALLY introduced in the Senate has been met in conference and has been harmonized with the House bill.

Mr. THOMASON of Texas. Does that mean that the tourists who go to Brownsville or El Paso or any other city on the Mexican border and want to go across the river must stay there 24 hours or overnight before they can avail themselves of this exemption? Is that in the discretion of the Treasury Department or is that compulsory?

Mr. McCORMACK. It is in the discretion of the Treasury Department. It had to be in that language in order to meet the differences that existed between both branches and to accomplish the objective which the gentleman from Texas desires.

The gentleman from Texas [Mr. SANDERS] fought very hard, and Senator CONNALLY also fought very hard. Their arguments were very convincing and the conferees made an agreement that took care of the Canadian situation and at the same time will permit the Treasury Department to take care of the situation on the Texas border. It took care of the situation.

Mr. THOMASON of Texas. That is all right if it is within the discretion of the Secretary of the Treasury, and it is now understood that the Secretary will act favorably to my people.

Mr. McCORMACK. It says here:

That the Secretary of the Treasury may by special regulation or instruction, the application of which may be restricted to one or more individual ports of entry, provide that the exemption authorized by the preceding proviso shall be applied only to articles acquired abroad by a returning resident who has remained beyond the territorial limits of the United States for such period, not to exceed 48 hours, as the Secretary may deem necessary at the specified port or ports to facilitate enforcement of the requirement that the exemption shall apply only to articles acquired as an incident of the foreign journey.

Mr. THOMASON of Texas. I understand that the Treasury Department in exercising its discretion will not require the American tourists to stay in Mexico even the 24 hours. That would mean the bone fide tourist would have to spend the night in Mexico, which he will not do.

Mr. McCORMACK. They may promulgate a regulation or rule which will permit the same conditions to continue as now exist.

Mr. THOMASON of Texas. Is it not compulsory that they stay over 24 hours?

Mr. McCORMACK. No. It is discretionary with the Treasury Department.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. I am interested in the paragraph pertaining to wool-felt hat bodies. As the gentleman well knows, under the definition on that paragraph the customs has already levied a duty to a total amount of over \$2,000,000 that is now being held in dispute. The matter has been brought into court for determination. I wonder if there are any retroactive features which will invalidate that action.

Mr. McCORMACK. No. The gentleman refers to the wool-felt hats?

Mr. BATES of Massachusetts. Wool-felt hat bodies.

Mr. McCORMACK. The Senate put in an amendment to have the higher duty applied; that is, the duty imposed by the Treasury Department; and the House concurred in the

amendment. So the situation is the same as when the Senate put the amendment in the bill. Of course that is what everyone who was interested in that matter wanted.

Mr. BATES of Massachusetts. That is right.

Mr. McCORMACK. The House conferees unanimously concurred in that action.

Mr. BATES of Massachusetts. I was wondering if there were any retroactive features in the bill which will invalidate the collection of that \$2,000,000 in dispute.

Mr. McCORMACK. I do not think we entered into that at all.

Mr. RABAUT. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. RABAUT. Is there any change in reference to tourist travel to Canada?

Mr. McCORMACK. The provisions of the bill as it passed the House compelled persons to remain in Canada 48 hours or more and those provisions still apply. That is mandatory. With reference to the Mexican border, we made it discretionary. The mandatory provisions compel them to remain out of the continental United States for a period in excess of 48 hours before they may come back and get an exemption up to \$100 which they are allowed. That applies to the Canadian border. I can assure the gentleman of that because I was particularly interested in it myself, as well as my distinguished friend from New York [Mr. REED], the gentleman from Minnesota [Mr. KNUTSON], and the gentleman from New York [Mr. CULLEN]. In other words, we harmonized the differences there. We gave the Members from Texas a discretion, and the Secretary of the Treasury can give them what they wanted and we retained what we thought was for the best interests of the Canadian border.

Mr. RABAUT. The hotel accommodations there are better.

Mr. McCORMACK. Yes.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Does that refer to Arizona and other border States which border Mexico, as well as Texas?

Mr. KNUTSON. It applies to any contiguous country that has free ports. If there are free ports across from Arizona, they would apply to those ports.

There are three free ports, as I recollect it.

Mr. McCORMACK. I think Texas is the only one that has them.

Mr. KNUTSON. There are three free ports according to our information and I think they are all contiguous to Texas. It was the only way the committee could fix it without appearing to violate international agreements. I think Juarez is one and Laredo another. I would not say what the other one is.

Mr. MURDOCK of Arizona. Is Nogales one of them? The chambers of commerce of several Arizona cities are deeply concerned for tourist accommodation in this matter.

Mr. KNUTSON. In order to be able to try to differentiate between the northern boundary of Canada and the one between this country and Mexico, it was necessary to handle the matter on the basis of free ports.

Mr. McCORMACK. It is my understanding this applies in the case of articles acquired in a contiguous country which maintains a free zone or free port.

The United States and Mexico, as we have been informed, have such an agreement, so, of course, I should say it would apply equally to your States. It could apply along the Mexican border.

Mr. BUCK. I believe it would apply generally as far as Mexico is concerned, but I do not know whether there is a free port of entry opposite Arizona.

Mr. THOMASON of Texas. What does the gentleman mean by a free port?

Mr. BUCK. A free zone or a free port.

Mr. MURDOCK of Arizona. Nogales may be such a port. I think it means a free port on the part of Mexico.

Mr. BUCK. Nogales may be such a port, I would not be surprised.

Mr. THOMASON of Texas. There is no free port on the Mexican border.

Mr. WEST. What does the gentleman mean by a free port?

Mr. McCORMACK. It does not necessarily have to be a free port in the sense that it must be located at or near the water front. You have some ranches down there where customs men are stationed. There are two or three of them in Texas. They are called free ports, so we were informed.

Mr. THOMASON of Texas. I may say frankly to the gentleman my concern is that there are no first-class hotel accommodations at many of the Mexican towns just across the Texas border, and good-faith American tourists should not be required to spend the night over there when they could come back to an American city to spend the night and yet not get the advantage of the exemption. My city has several fine hotels, many modern tourist camps, and up-to-date stores that attract tourists, and while they desire to visit Mexico, yet they want to spend their nights in El Paso.

Mr. McCORMACK. We recognized that fact. The Senate amendment was a compromise, so that in the discretion of the Treasury Department that could be accomplished. If the discretion exists throughout the United States, the Treasury Department frankly told us they would not exercise it, because they could not have a 48-hour regulation or provision for the Canadian border and less than a 48-hour regulation or provision for the Mexican border.

Mr. THOMASON of Texas. Did the conference committee have the assurance of the Treasury Department that they would not exercise that option or that right on the Mexican border? El Paso is now one of the great tourist cities of the country. We want to attract more of them. All tourists want to visit a foreign country and bring back some curios. I want to encourage such business rather than discourage it. It promotes friendly relations between the two countries and helps business in both Mexico and the United States.

Mr. McCORMACK. We were informed that if the original Connally amendment was agreed to the Treasury Department would not exercise the discretion under it, but as to this language, which is entirely different from the Connally amendment, the Treasury Department has never made a statement they would not exercise the discretion. I cannot say that they made the statement that they would exercise it, but it leaves the situation such that you will not have opposition from those interested in the Canadian border to obtaining anything you have in mind with reference to continuing the present situation.

Mr. THOMASON of Texas. In order that the intent of the Congress may be read into the debate here, do I correctly understand that the conference committee felt that that discretion should not be exercised on the Mexican border? I mean that the tourist will not be required to remain in Mexico over night.

Mr. McCORMACK. I believe I can safely say that the members of the conference committee were of the unanimous opinion that the conditions at the Mexican border were such that the situation existing under present law should continue, and drafting the language as we did was the only way we could accomplish it without failing completely to obtain the objective you gentlemen from Texas and the States along the Mexican border desire and are seeking to obtain.

Mr. THOMASON of Texas. But the committee wants it left as it is now?

Mr. McCORMACK. As far as the Mexican border is concerned, we do.

Mr. MURDOCK of Arizona. That is all the border. Of course, every American port on the Mexican border should have the same treatment. If by free port it is meant that Mexico has such and Canada does not, then this measure might permit different treatment respecting those

two borders. I can see a reason for such a different treatment.

Mr. McCORMACK. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BUCK.]

Mr. BUCK. Mr. Speaker, I desire to call the attention of the gentleman from Massachusetts to Senate amendment 55, which inserted a section that in the bill as it passed the Senate is known as section 27. I do not know what its number is in your final revision. This gives authority to importers to manipulate imported products in other than bonded warehouses. In view of the fact that we import a considerable quantity of wine, among other articles, I should like to have an official interpretation of what the word "manipulation" means. Does it mean blending? Can it be adulterated or altered in any way? Can cocktails be made from it? Will it enable importers to escape any rectifying or other tax?

Mr. McCORMACK. The gentleman from California called the attention of some of the conferees on the part of the House to that question and we were assured by the Treasury Department that the fears of those whom the gentleman from California so ably represents were not warranted.

Mr. BUCK. In other words, there is no opportunity under this amendment for wine to be imported in bulk and adulterated and made up in competition with wines produced here?

Mr. McCORMACK. Exactly. The conferees requested a letter from the Treasury Department to be inserted in the Record in order that those interested in this question might have something official from the Treasury Department interpreting the word "manipulation" as used in the amendment to which the gentleman refers.

Mr. BUCK. Will the gentleman ask permission to have that letter inserted in the Record?

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to insert in my remarks at this point in the Record a letter received by the distinguished gentleman from New York [Mr. CULLEN] from the Acting Secretary of the Treasury, Mr. Gibbons, on the point referred to by the gentleman from California [Mr. BUCK].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the letter referred to is as follows:

TREASURY DEPARTMENT,
Washington, April 22, 1938.

MY DEAR MR. CULLEN: In compliance with your informal request I wish to advise you that in the opinion of the Treasury Department, section 27 of the pending customs administrative bill, H. R. 8099, as passed by the Senate on April 1, 1938, does not permit any treatment of imported liquor which may not be done under the existing provisions of section 562 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1562). It merely provides that such manipulation of imported merchandise as is now authorized to be done in customs bonded warehouses may be done "elsewhere than in a bonded warehouse, in cases where neither the protection of the revenue nor the proper conduct of customs business requires that such manipulation be done in a bonded warehouse."

It is the considered opinion of the Treasury Department that section 27 of the customs bill, if enacted into law, will not afford any possibility for importers to escape rectifying or other taxes imposed under existing law with respect to wines and liquors.

The section does not preclude the possibility present in existing law of obtaining reductions in customs duties by changing the condition of imported goods. For example, imported rum is dutiable under paragraph 802 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1001, par. 802) at the rate of \$5 per proof gallon unless in containers holding each 1 gallon or less, in which case it is dutiable at \$2.50 per proof gallon under the trade agreement with Haiti which became effective on June 3, 1935 (T. D. 47667).

It is permissible under existing law and under the proposed amendment to transfer imported rums from casks to bottles and thereby secure a reduction in duty from \$5 to \$2.50 per proof gallon after the rum has been imported.

This information is furnished you as chairman of the House conferees on H. R. 8099, in connection with a query by Congressman BUCK.

Very truly yours,

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.

HON. THOMAS H. CULLEN,
House of Representatives, Washington, D. C.

Mr. KEOGH. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York.

Mr. KEOGH. Will the gentleman be good enough to give me the official explanation of Senate amendment No. 23, which I understand is a new section, relating to section 309?

Mr. McCORMACK. This Senate amendment is to carry out treaty agreements our country has heretofore made with other countries and which we were unable to keep without this particular legislation. This permits vessels and aircraft to obtain their own supplies in this country, and this is to enable our country to keep good faith with other countries that we have made treaties with but have been unable to comply with the terms of such treaties because there was no legislation permitting it. This is an amendment that was put in by the Senate to enable the United States to respect its treaty agreements with other countries.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SMITH of Washington. The gentleman is aware of my interest in the marking provisions of this legislation. The House bill required all imported articles, including lumber, to be marked showing the country of their origin.

Mr. McCORMACK. The gentleman refers to what particular amendment?

Mr. SMITH of Washington. I am speaking now about amendment No. 12, particularly; amendments 6, 7, 8, 9, and 10 also relate to marking of imports, but I understand from the report that amendment No. 12 is in disagreement.

Mr. McCORMACK. Amendment No. 6 was a restrictive amendment which would have restricted the marking provisions of the present law and the pending bill, and the Senate has receded on that.

Mr. SMITH of Washington. Is it the understanding of the gentleman that under that recession by the Senate the provision of the House bill is reinstated?

Mr. McCORMACK. Absolutely.

Mr. SMITH of Washington. So that lumber imported into this country will have to be marked showing the country of its origin?

Mr. McCORMACK. I do not want to say that as to lumber because that is an exception. Lumber is taken care of in an amendment which is in disagreement. Amendment No. 12 is the one the gentleman refers to.

Mr. SMITH of Washington. Yes; what does that provide?

Mr. McCORMACK. Senate amendment No. 12, under the House provision, states that—

Such article is of a class or kind with respect to which the Secretary of the Treasury has given notice by publication in the weekly Treasury Decisions within 2 years after July 1, 1937, that articles of such kind or class were imported in substantial quantities during the 5-year period immediately preceding January 1, 1937, and were not required during such period to be marked to indicate their origin.

This means they could continue not to be marked. The Senate put in an amendment providing for marking, and that is in disagreement, and we are going to recede and concur with an amendment to the Senate amendment. I know that something along this line should be done for those from the lumber States, and, I understand, the amendment to the Senate amendment I am going to recommend is satisfactory.

Mr. SMITH of Washington. The House provision required marking, but there was a Senate amendment, to which we objected, exempting lumber from marking. We appreciate the cooperation we have had from the gentleman from Massachusetts in this matter, and I hope that the final language as adopted in the conference report will require that the lumber importations be marked showing the country of their origin, because this is a matter of very vital concern to the industries of my State, as well as of the entire Pacific Northwest. We have sought this protection for many years.

Mr. McCORMACK. We change the Senate amendment by adding an amendment. In other words, the fight was

to have the Senate amendment as modified retained and we retain it with an amendment which, as I understand, is agreeable to those from the lumber States.

Mr. SMITH of Washington. I thank the gentleman.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MOTT. I would like to say to the gentleman in that regard that, as he is aware, I have been very much interested in this matter. I made a fight on the floor at the last session against the provision of the House bill which sought to do away with the lumber marking requirement. I appeared before the Senate committee in order to get proper consideration for lumber because this bill in the House was up under suspension and could not be amended. But I have never been advised by any member of the gentleman's committee that an agreement has been reached on Senate amendment No. 12, and I would be very glad to know how an agreement was reached in view of the fact that the conference report states that Senate amendment No. 12 is in disagreement. I would also like to know just what amendment the gentleman has in mind to offer as a substitute for Senate amendment No. 12.

Mr. McCORMACK. The Senate amendment is to be retained with an amendment providing that the President is authorized to suspend the effectiveness of this proviso if he finds such action required to carry out any treaty agreement entered into under the authority of the act of June 12, 1934. In other words, this retains the Senate provision and it becomes law if there is no reciprocal-trade agreement entered into with England. This is the meaning of it.

Mr. MOTT. Will the gentleman tell me how the conferees happened to arrive at such a compromise? Do they contemplate that in the proposed treaty with Great Britain that one of the provisions of that treaty may be that lumber shall be imported into this country unmarked? I can hardly imagine so. Who suggested the compromise? The State Department?

Mr. McCORMACK. I may say to the gentleman that it is my own, personal opinion that there would have been insistence upon the Senate receding unless some amendment could have been agreed upon, and the information I have received is that representatives of the lumber interests were consulted, and so far as I am personally concerned I wanted, if possible, some amendment put in which would retain the Senate amendment without interfering with the negotiations going on. We were faced with a very difficult situation on this amendment. The problem that confronted us has been met in a practical way, and as I understand, having in mind the situation that existed, in a satisfactory manner.

I understand that representatives of the lumber interests conferred with the State Department, and agreed on that amendment after the conferees had considered an amendment along such lines.

Mr. MOTT. The gentleman from Massachusetts will recall that both he and the gentleman from New York [Mr. CULLEN] when the bill was under consideration at the last session of Congress, assured me that so far as they were concerned they desired the lumber marking requirements of existing law to be retained and that this would be taken care of in the Senate, since the House bill, under suspension of the rules could not be amended in the House.

Mr. McCORMACK. I assure the gentleman that the assurances I received were very authentic, and that this amendment is a compromise which effectively retains the Senate amendment, with the exception therein mentioned, and it was a hard fight, I assure the gentleman. I hope he will realize that some of us who come from States where there are no lumber interests made the fight for him, and other Members interested, and that we accomplished an awful lot. I remember well how many times the gentleman from Washington Mr. WALLGREN, Governor PIERCE, the gentleman from Washington, Mr. SMITH, and others spoke to me on this matter. I know other members of the conference committee were likewise contacted.

Mr. SMITH of Washington. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. SMITH of Washington. I would like to state that I am informed that the labor organizations, the National Lumber Manufacturers' Association, and the West Coast Lumbermen's Association are satisfied with the proviso the gentleman from Massachusetts has referred to, even subject to the qualification that there may be suspensive action taken by the President or State Department, which we trust there will not be. We all appreciate the efforts of the gentleman from Massachusetts and his coconferes in securing that concession, and feel confident it will aid materially in accomplishing the objective which we have in view.

Mr. McCORMACK. If action is not taken, it becomes effective, and if it is taken later when it expires, it is effective. It is on the statute books.

I yield 2 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, while this bill relieves some unfortunate situations, it does not go far enough. Practically all of these bills are drawn for the benefit, primarily, of the importer, and the consumer is not given much consideration. For instance, when the Ways and Means Committee had this bill under consideration, I made a fight for the benefit of the pottery people of this country who complain about the importations of pottery from Japan. I wanted an amendment to the bill to the effect that Japanese pottery products be marked more clearly as to the location of their manufacture. Take, for instance, a large plate coming in from Japan. It will have a design that one looking at it casually might conclude that it was made either in England or in France. It will have a name like Windsor or Smithfield, or something like that, and that will be in the center of the plate on the back, but in some out-of-the-way place you will find the little word "Japan." If a woman goes into a store and buys gloves, she may not be able to find any mark on them at all, but, perchance, if she feels something in the end of one of the fingers some day after she has worn the gloves and she looks at it she will find a small mark there to indicate that the glove was made in Japan. Purchasers buying most of the gloves thus marked will never know that they have been wearing Japanese products. My amendment went to the effect that the markings should be more distinct and that in every place where the marking was made, as I indicated in the case of pottery, in what we call the legend, that in the same circle with the legend the name "Japan" should be placed; but the amendment was not agreed to. There is one article where Japan places its mark in a conspicuous place where it can be seen. I refer to these miniature American flags. All of you have seen these little American flags, about 2 inches square, placed about tables when you go to a banquet, be it Republican, Democratic, or any other kind of a banquet. If these little flags are there, you will see on the staff of the flag a piece of paper, which is out of all proportion in size to what it should be, and is very conspicuous. You unwrap that piece of paper and it carries the word "Japan." Over a course of years I have never seen any of these little flags that are made anywhere except in Japan. That mark they make very conspicuous, I suppose to make fun of us.

I introduced a bill to correct all this. I refer to H. R. 7376, and I ask unanimous consent, Mr. Speaker, to have a copy of that bill inserted as a part of my remarks in this place in the Record. My bill, if passed, would require a greater protection to the consumer, and when the American consumer has an even chance to choose between American-made goods and foreign-made goods, he will accept the former.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The bill referred to is as follows:

A bill to amend the act entitled "An act to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes"

Be it enacted, etc., That section 304 of the Tariff Act of 1930 be amended to read as follows:

"Sec. 304. Marking of imported articles and containers.

"(a) Every article imported into the United States and its immediate container, or package in which such article is imported, shall be marked, stamped, branded, or labeled, in legible English words, in as conspicuous a place as the nature of the article will permit, in such manner as to clearly indicate to the ultimate consumer the country of origin of such article. Such mark, stamp, brand, or label shall be a part of any descriptive legend on such article and of approximately the same prominence as other words in such legend. Such marking, stamping, branding, or labeling shall be as nearly indelible and permanent as the nature of the article will permit and shall be made under regulations prescribed by the Secretary of the Treasury. The Secretary of the Treasury may authorize the exception of any article from the requirement of marking if he is satisfied that such article was incapable of being marked without injury prior to importation, and at the time of manufacture, or except at an expense economically prohibitive of its importation, or that the marking of the immediate container will indicate the country of origin when the article itself is excepted from marking.

"(b) Additional duties for failure to mark: If at the time of importation any article or its container is not marked, stamped, branded, or labeled in accordance with the requirements of this section, there shall be levied, collected, and paid on such article, unless exported under customs supervision, a duty of 10 percent of the value of such article, in addition to any other duty imposed by law, or, if such article is free of duty, there shall be levied, collected, and paid a duty of 10 percent of the value thereof.

"(c) Delivery withheld until marked: No imported article or package held in customs custody shall be delivered until such article (and its container) or package and every other article (and its container) or package of the importation, whether or not released from customs custody, shall have been marked, stamped, branded, or labeled in accordance with the requirements of this section. Nothing in this subdivision shall be construed to relieve from the requirements of any provision of this act relating to the marking of particular articles or their containers.

"(d) Penalties: If any person shall, with intent to conceal the information given thereby or contained therein, deface, destroy, remove, alter, cover, obscure, or obliterate any mark, stamp, brand, or label required under the provisions of this act, he shall upon conviction be fined not more than \$5,000 or imprisoned not more than 1 year, or both."

Mr. McCORMACK. Mr. Speaker, does the gentleman from Minnesota desire time?

Mr. KNUTSON. Yes; about 5 minutes.

Mr. McCORMACK. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota. Meanwhile I assure my distinguished friend from Oregon [Mr. MOTT] that on the lumber amendment all of the House conferees fought together.

Mr. MOTT. I am very glad indeed to know that, and I thank my distinguished friend from Massachusetts.

Mr. KNUTSON. Mr. Speaker, all in all, I think this is a pretty fair report. The conferees worked hard and long to arrive at a fair compromise on the various questions where there was a difference between the two Houses. Of course, I realize there are Members who perhaps are not entirely satisfied with this report, more particularly those who did not get all they wanted. I do not think any Member of this body, with one or two outstanding exceptions, need have any hesitancy in voting for this conference report. We agreed on everything but amendment No. 12. That was put in by the Senate, and I understand that the gentleman from Massachusetts is going to offer an amendment that will clarify and make the Senate amendment satisfactory.

The gentleman from Massachusetts has covered this matter thoroughly. In this connection I want to say that Mr. McCORMACK has done a fine job. He was able to bring together several divergent views in a very diplomatic way. You who have served as conferees know that it is not the easiest thing in the world to sit down with a conference committee from the other body under certain circumstances.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. RICH. What provision has been made for marking imported commodities such as cotton, wheat, sugar, and

things that would be difficult to mark so that the people of this country will know what is imported.

Mr. KNUTSON. The gentleman knows that it is impossible to mark wheat.

Mr. RICH. That is why I am asking. We are importing into this country hundreds of thousands of bushels of wheat. The people ought to know when they are buying imported wheat.

Mr. KNUTSON. The manifest that accompanies the cargo to the port of entry shows the country of origin. There are many things that would be difficult to mark. It would be difficult to mark lumber.

Mr. RICH. We ought to require that they be marked or else prohibit their importation. We should save the American market for the American farmers.

Mr. KNUTSON. I agree with the gentleman.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. MURDOCK of Arizona. The gentleman thinks, then, that the effect of the bill is that tourists can cross into Mexico and return with less than \$100 of trophies.

Mr. KNUTSON. And they would not be required to stay more than 12 hours; whereas on the Canadian border in order to bring back \$100 worth of goods they would have to stay 48 hours.

Mr. COFFEE of Washington. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. COFFEE of Washington. I have just learned authoritatively by telephone from the National Association of Lumber Manufacturers that they approve in toto the amendment which was read to the committee by the gentleman from Massachusetts. I congratulate the conference committee upon the excellent work they have done on a very difficult subject.

Mr. KNUTSON. That is a very, very good piece of news because I did not before realize that the National Lumber Manufacturers Association was legislating for this great country.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, my concern in this particular amendment in disagreement lies in the fact that in normal times between 65 and 70 percent of the entire industrial pay roll of the Pacific Northwest comes out of lumber and its related products.

Under existing law every foreign article that is imported into this country must be marked with the name of the country of its origin. For the last 6 or 8 years this requirement of the law has to a large extent been disregarded by the Treasury Department, which is charged by law with its enforcement. It has been disregarded particularly in the matter of marking lumber.

Now, to make matters even worse, at the last session of the Congress a bill was reported to the House which provided that if foreign products had been imported into this country in substantial quantities during the previous 5 years and if, during that period, the Secretary had not enforced the law requiring those products to be marked, then the Secretary of the Treasury could publish that fact in the Federal decisions, and thereupon he would not be required in the future to pay any attention to the law.

This fantastic proposal seemed to me almost unbelievable. I called the attention of the House and of the committee to what it would do to the lumber industry. The bill then was being considered under suspension and it was not in order to offer an amendment to it. I am glad to say that the gentleman from Massachusetts [Mr. McCORMACK] and the gentleman from New York [Mr. CULLEN] assured me at that time from the floor that I would have full opportunity to take care of this proposal and to eliminate it in the Senate. I appeared before the Senate committee, and that committee, after a full hearing, made an exemption in

the case of lumber, and accordingly amended the bill. The bill passed the Senate as amended and went to conference. This is the only amendment upon which the conferees did not agree, and the only amendment which the conferees in their report have stated to be in disagreement. If, since the filing of the report, the conferees have come to an informal agreement, I have had no notice of it.

I understand now, however, since this debate opened, that the gentleman from Massachusetts has an amendment to offer to the Senate amendment. I have not heard the language of the amendment, but from what he has said I think will be reasonably satisfactory to me. It provides, as I understand it, simply that in the event a foreign trade agreement should be in process of negotiation that it would be possible to waive this provision if that should become necessary. So far as I can see, there is no probability of any foreign trade agreement being entered into which would specifically provide that imported articles shall not be marked with the name of the country of origin.

It seems to me that the amendment to be offered to the Senate amendment, so far as the House is concerned, is in the nature of a face-saving amendment, and I think the gentleman from Massachusetts has done a very good job in that regard. And I think also that he will agree with me that the provisions of the House bill which brought about this controversy should never have been written into the House bill in the first place.

I had understood there was some opposition to the Senate amendment on the part of some of the House conferees.

I am glad to learn that my information on this point was not in accordance with the facts, and that very likely the only criticism there was to Senate amendment No. 12 came from the State Department. The gentleman from Massachusetts has assured me that all of the House conferees were anxious to protect the lumber industry and to retain in substance and principle the Senate amendment, and, of course, I take his word for it. He has shown himself in the past, as well as now, to be a friend of the industry which is so vital to the welfare of the people I represent, and I thank him very much on my own behalf and on behalf of the chief industry of the Pacific Northwest.

Mr. McCORMACK. Mr. Speaker, I move the previous question on agreeing to the conference report.

The conference report was agreed to; and a motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amendment No. 12: Page 4, line 23, after the word "origin", insert "Provided, That this subdivision (J) shall not apply to sawed lumber and timbers, telephone, trolley, electric-light, and telegraph poles of wood, and bundles of shingles."

Mr. McCORMACK. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. McCORMACK moves that the House recede on Senate amendment No. 12, which was reported in disagreement by the conferees, and accept that amendment with the following amendments:

Page 2 of the Senate engrossed amendments: Line 7, after the word "apply", insert the words "after September 1, 1938";

Page 2 of the Senate engrossed amendments: Line 9, after the word "shingles", insert a semicolon and the following, "but the President is authorized to suspend the effectiveness of this proviso if he finds such action required to carry out any trade agreement entered into under the authority of the act of June 12, 1934 (U. S. C., 1934 ed., title 19, secs. 1351-1354), as extended."

The motion was agreed to.

FOOD, DRUG, AND COSMETIC ACT

Mr. LEA. Mr. Speaker, I call up the conference report on the bill (S. 5) to prohibit the movement in interstate commerce of adulterated and misbranded food, drugs, devices, and cosmetics, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5) to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"CHAPTER I—SHORT TITLE

"SECTION 1. This Act may be cited as the Federal Food, Drug, and Cosmetic Act.

"CHAPTER II—DEFINITIONS

"SEC. 201. For the purposes of this Act—

"(a) The term 'Territory' means any Territory or possession of the United States, including the District of Columbia and excluding the Canal Zone.

"(b) The term 'interstate commerce' means (1) commerce between any State or Territory and any place outside thereof, and (2) commerce within the District of Columbia or within any other Territory not organized with a legislative body.

"(c) The term 'Department' means the Department of Agriculture of the United States.

"(d) The term 'Secretary' means the Secretary of Agriculture.

"(e) The term 'person' includes individual, partnership, corporation, and association.

"(f) The term 'food' means (1) articles used for food or drink for man or other animals, (2) chewing gum, and (3) articles used for components of any such article.

"(g) The term 'drug' means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any article specified in clause (1), (2), or (3); but does not include devices or their components, parts, or accessories.

"(h) The term 'device' (except when used in paragraph (n) of this section and in sections 301 (i), 403 (f), 502 (c), and 602 (c)) means instruments, apparatus, and contrivances, including their components, parts, and accessories, intended (1) for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; or (2) to affect the structure or any function of the body of man or other animals.

"(i) The term 'cosmetic' means (1) articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance, and (2) articles intended for use as a component of any such articles; except that such term shall not include soap.

"(j) The term 'official compendium' means the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, official National Formulary, or any supplement to any of them.

"(k) The term 'label' means a display of written, printed, or graphic matter upon the immediate container of any article; and a requirement made by or under authority of this Act that any word, statement, or other information appear on the label shall not be considered to be complied with unless such word, statement, or other information also appears on the outside container or wrapper, if any there be, of the retail package of such article, or is easily legible through the outside container or wrapper.

"(l) The term 'immediate container' does not include package liners.

"(m) The term 'labeling' means all labels and other written, printed, or graphic matter (1) upon any article or any of its containers or wrappers, or (2) accompanying such article.

"(n) If an article is alleged to be misbranded because the labeling is misleading, then in determining whether the labeling is misleading there shall be taken into account (among other things) not only representations made or suggested by statement, word, design, device, or any combination thereof, but also the extent to which the labeling fails to reveal facts material in the light of such representations or material with respect to consequences which may result from the use of the article to which the labeling relates under the conditions of use prescribed in the labeling thereof or under such conditions of use as are customary or usual.

"(o) The representation of a drug, in its labeling, as an antiseptic shall be considered to be a representation that it is a germicide, except in the case of a drug purporting to be, or represented as, an antiseptic for inhibitory use as a wet dressing, ointment,

dusting powder, or such other use as involves prolonged contact with the body.

"(p) The term 'new drug' means—

"(1) Any drug the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety of drugs, as safe for use under the conditions prescribed, recommended, or suggested in the labeling thereof, except that such a drug not so recognized shall not be deemed to be a 'new drug' if at any time prior to the enactment of this Act it was subject to the Food and Drugs Act of June 30, 1906, as amended, and if at such time its labeling contained the same representations concerning the conditions of its use; or

"(2) Any drug the composition of which is such that such drug, as a result of investigations to determine its safety for use under such conditions, has become so recognized, but which has not, otherwise than in such investigations, been used to a material extent or for a material time under such conditions.

"CHAPTER III—PROHIBITED ACTS AND PENALTIES

"PROHIBITED ACTS

"SEC. 301. The following acts and the causing thereof are hereby prohibited:

"(a) The introduction or delivery for introduction into interstate commerce of any food, drug, device, or cosmetic that is adulterated or misbranded.

"(b) The adulteration or misbranding of any food, drug, device, or cosmetic in interstate commerce.

"(c) The receipt in interstate commerce of any food, drug, device, or cosmetic that is adulterated or misbranded, and the delivery or proffered delivery thereof for pay or otherwise.

"(d) The introduction or delivery for introduction into interstate commerce of any article in violation of section 404 or 505.

"(e) The refusal to permit access to or copying of any record as required by section 703.

"(f) The refusal to permit entry or inspection as authorized by section 704.

"(g) The manufacture within any Territory of any food, drug, device, or cosmetic that is adulterated or misbranded.

"(h) The giving of a guaranty or undertaking referred to in section 303 (c) (2), which guaranty or undertaking is false, except by a person who relied upon a guaranty or undertaking to the same effect signed by, and containing the name and address of, the person residing in the United States from whom he received in good faith the food, drug, device, or cosmetic; or the giving of a guaranty or undertaking referred to in section 303 (c) (3), which guaranty or undertaking is false.

"(i) Forging, counterfeiting, simulating, or falsely representing, or without proper authority using any mark, stamp, tag, label, or other identification device authorized or required by regulations promulgated under the provisions of section 404, 406 (b), 504, or 604.

"(j) The using by any person to his own advantage, or revealing, other than to the Secretary or officers or employees of the Department, or to the courts when relevant in any judicial proceeding under this Act, any information acquired under authority of section 404, 505, or 704 concerning any method or process which as a trade secret is entitled to protection.

"(k) The alteration, mutilation, destruction, obliteration, or removal of the whole or any part of the labeling of, or the doing of any other act with respect to, a food, drug, device, or cosmetic, if such act is done while such article is held for sale after shipment in interstate commerce and results in such article being misbranded.

"(l) The using, on the labeling of any drug or in any advertising relating to such drug, of any representation or suggestion that an application with respect to such drug is effective under section 505, or that such drug complies with the provisions of such section.

"INJUNCTION PROCEEDINGS

"SEC. 302. (a) The district courts of the United States and the United States courts of the Territories shall have jurisdiction, for cause shown, and subject to the provisions of section 17 (relating to notice to opposite party) of the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, as amended (U. S. C., 1934 ed., title 28, sec. 381), to restrain violations of section 301, except paragraphs (e), (f), (h), (i), and (j).

"(b) In case of violation of an injunction or restraining order issued under this section, which also constitutes a violation of this Act, trial shall be by the court, or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of section 22 of such Act of October 15, 1914, as amended (U. S. C., 1934 ed., title 28, sec. 387).

"PENALTIES

"SEC. 303. (a) Any person who violates any of the provisions of section 301 shall be guilty of a misdemeanor and shall on conviction thereof be subject to imprisonment for not more than one year, or a fine of not more than \$1,000, or both such imprisonment and fine; but if the violation is committed after a conviction of such person under this section has become final such person shall be subject to imprisonment for not more than three years, or a fine of not more than \$10,000, or both such imprisonment and fine.

"(b) Notwithstanding the provisions of subsection (a) of this section, in case of a violation of any of the provisions of section

301, with intent to defraud or mislead, the penalty shall be imprisonment for not more than three years, or a fine of not more than \$10,000, or both such imprisonment and fine.

"(c) No person shall be subject to the penalties of subsection (a) of this section, (1) for having received in interstate commerce any article and delivered it or proffered delivery of it, if such delivery or proffer was made in good faith, unless he refuses to furnish on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article and copies of all documents, if any there be, pertaining to the delivery of the article to him; or (2) for having violated section 301 (a) or (d), if he establishes a guaranty or undertaking signed by, and containing the name and address of, the person residing in the United States from whom he received in good faith the article, to the effect, in case of an alleged violation of section 301 (a), that such article is not adulterated or misbranded, within the meaning of this Act, designating this Act, or to the effect, in case of an alleged violation of section 301 (d), that such article is not an article which may not, under the provisions of section 404 or 505, be introduced into interstate commerce; or (3) for having violated section 301 (a), where the violation exists because the article is adulterated by reason of containing a coal-tar color not from a batch certified in accordance with regulations promulgated by the Secretary under this Act, if such person establishes a guaranty or undertaking signed by, and containing the name and address of, the manufacturer of the coal-tar color, to the effect that such color was from a batch certified in accordance with the applicable regulations promulgated by the Secretary under this Act.

"SEIZURE

"SEC. 304. (a) Any article of food, drug, device, or cosmetic that is adulterated or misbranded when introduced into or while in interstate commerce, or which may not, under the provisions of section 404 or 505, be introduced into interstate commerce, shall be liable to be proceeded against while in interstate commerce, or at any time thereafter, on libel of information and condemned in any district court of the United States within the jurisdiction of which the article is found: *Provided, however*, That no libel for condemnation shall be instituted under this Act, for any alleged misbranding if there is pending in any court a libel for condemnation proceeding under this Act based upon the same alleged misbranding, and not more than one such proceeding shall be instituted if no such proceeding is so pending, except that such limitations shall not apply (1) when such misbranding has been the basis of a prior judgment in favor of the United States, in a criminal, injunction, or libel for condemnation proceeding under this Act, or (2) when the Secretary has probable cause to believe from facts found, without hearing, by him or any officer or employee of the Department that the misbranded article is dangerous to health, or that the labeling of the misbranded article is fraudulent, or would be in a material respect misleading to the injury or damage of the purchaser or consumer. In any case where the number of libel for condemnation proceedings is limited as above provided the proceeding pending or instituted shall, on application of the claimant, seasonably made, be removed for trial to any district agreed upon by stipulation between the parties, or, in case of failure to so stipulate within a reasonable time, the claimant may apply to the court of the district in which the seizure has been made, and such court (after giving the United States attorney for such district reasonable notice and opportunity to be heard) shall by order, unless good cause to the contrary is shown, specify a district of reasonable proximity to the claimant's principal place of business, to which the case shall be removed for trial.

"(b) The article shall be liable to seizure by process pursuant to the libel, and the procedure in cases under this section shall conform, as nearly as may be, to the procedure in admiralty; except that on demand of either party any issue of fact joined in any such case shall be tried by jury. When libel for condemnation proceedings under this section, involving the same claimant and the same issues of adulteration or misbranding, are pending in two or more jurisdictions, such pending proceedings, upon application of the claimant seasonably made to the court of one such jurisdiction, shall be consolidated for trial by order of such court, and tried in (1) any district selected by the claimant where one of such proceedings is pending; or (2) a district agreed upon by stipulation between the parties. If no order for consolidation is so made within a reasonable time, the claimant may apply to the court of one such jurisdiction, and such court (after giving the United States attorney for such district reasonable notice and opportunity to be heard) shall by order, unless good cause to the contrary is shown, specify a district of reasonable proximity to the claimant's principal place of business, in which all such pending proceedings shall be consolidated for trial and tried. Such order of consolidation shall not apply so as to require the removal of any case the date for trial of which has been fixed. The court granting such order shall give prompt notification thereof to the other courts having jurisdiction of the cases covered thereby.

"(c) The court at any time after seizure up to a reasonable time before trial shall by order allow any party to a condemnation proceeding, his attorney or agent, to obtain a representative sample of the article seized, and as regards fresh fruits or fresh vegetables, a true copy of the analysis on which the proceeding is based and the identifying marks or numbers, if any, of the packages from which the samples analyzed were obtained.

"(d) Any food, drug, device, or cosmetic condemned under this section shall, after entry of the decree, be disposed of by destruction or sale as the court may, in accordance with the provisions of this section, direct and the proceeds thereof, if sold, less the legal costs and charges, shall be paid into the Treasury of the United States; but such article shall not be sold under such decree contrary to the provisions of this Act or the laws of the jurisdiction in which sold: *Provided*, That after entry of the decree and upon the payment of the costs of such proceedings and the execution of a good and sufficient bond conditioned that such article shall not be sold or disposed of contrary to the provisions of this act or the laws of any State or Territory in which sold, the court may by order direct that such article be delivered to the owner thereof to be destroyed or brought into compliance with the provisions of this Act under the supervision of an officer or employee duly designated by the Secretary, and the expenses of such supervision shall be paid by the person obtaining release of the article under bond. Any article condemned by reason of its being an article which may not, under section 404 or 505, be introduced into interstate commerce, shall be disposed of by destruction.

"(e) When a decree of condemnation is entered against the article, court costs and fees, and storage and other proper expenses, shall be awarded against the person, if any, intervening as claimant of the article.

"(f) In the case of removal for trial of any case as provided by subsections (a) or (b)—

"(1) The clerk of the court from which removal is made shall promptly transmit to the court in which the case is to be tried all records in the case necessary in order that such court may exercise jurisdiction.

"(2) The court to which such case was removed shall have the powers and be subject to the duties, for purposes of such case, which the court from which removal was made would have had, or to which such court would have been subject, if such case had not been removed.

"HEARING BEFORE REPORT OF CRIMINAL VIOLATION

"SEC. 305. Before any violation of this Act is reported by the Secretary to any United States attorney for institution of a criminal proceeding, the person against whom such proceeding is contemplated shall be given appropriate notice and an opportunity to present his views, either orally or in writing, with regard to such contemplated proceeding.

"REPORT OF MINOR VIOLATIONS

"SEC. 306. Nothing in this Act shall be construed as requiring the Secretary to report for prosecution, or for the institution of libel or injunction proceedings, minor violations of this act whenever he believes that the public interest will be adequately served by a suitable written notice or warning.

"PROCEEDINGS IN NAME OF UNITED STATES; PROVISION AS TO SUBPENAS

"SEC. 307. All such proceedings for the enforcement, or to restrain violations, of this Act shall be by and in the name of the United States. Notwithstanding the provisions of section 876 of the Revised Statutes, subpoenas for witnesses who are required to attend a court of the United States, in any district, may run into any other district in any such proceeding.

"CHAPTER IV—FOOD

"DEFINITIONS AND STANDARDS FOR FOOD

"SEC. 401. Whenever in the judgment of the Secretary such action will promote honesty and fair dealing in the interest of consumers, he shall promulgate regulations fixing and establishing for any food, under its common or usual name so far as practicable, a reasonable definition and standard of identity, a reasonable standard of quality, and/or reasonable standards of fill of container: *Provided*, That no definition and standard of identity and no standard of quality shall be established for fresh or dried fruits, fresh or dried vegetables, or butter, except that definitions and standards of identity may be established for avocados, cantaloupes, citrus fruits, and melons. In prescribing any standard of fill of container, the Secretary shall give due consideration to the natural shrinkage in storage and in transit of fresh natural food and to need for the necessary packing and protective material. In the prescribing of any standard of quality for any canned fruit or canned vegetable, consideration shall be given and due allowance made for the differing characteristics of the several varieties of such fruit or vegetable. In prescribing a definition and standard of identity for any food or class of food in which optional ingredients are permitted, the Secretary shall, for the purpose of promoting honesty and fair dealing in the interest of consumers, designate the optional ingredients which shall be named on the label. Any definition and standard of identity prescribed by the Secretary for avocados, cantaloupes, citrus fruits, or melons shall relate only to maturity and to the effects of freezing.

"ADULTERATED FOOD

"SEC. 402. A food shall be deemed to be adulterated—

"(a) (1) If it bears or contains any poisonous or deleterious substance which may render it injurious to health; but in case the substance is not an added substance such food shall not be considered adulterated under this clause if the quantity of such substance in such food does not ordinarily render it injurious to health; or (2) if it bears or contains any added poisonous or added deleterious substance which is unsafe within the meaning of section 406; or (3) if it consists in whole or in part of any filthy, putrid, or decomposed substance, or if it is otherwise unfit for food; or (4) if it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may

have been rendered injurious to health; or (5) if it is, in whole or in part, the product of a diseased animal or of an animal which has died otherwise than by slaughter; or (6) if its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health.

"(b) (1) If any valuable constituent has been in whole or in part omitted or abstracted therefrom; or (2) if any substance has been substituted wholly or in part therefor; or (3) if damage or inferiority has been concealed in any manner; or (4) if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is.

"(c) If it bears or contains a coal-tar color other than one from a batch that has been certified in accordance with regulations as provided by section 406: *Provided*, That this paragraph shall not apply to citrus fruit bearing or containing a coal-tar color if application for listing of such color has been made under this Act and such application has not been acted on by the Secretary, if such color was commonly used prior to the enactment of this Act for the purpose of coloring citrus fruit.

"(d) If it is confectionery, and it bears or contains any alcohol or nonnutritive article or substance except harmless coloring, harmless flavoring, harmless resinous glaze, not in excess of four-tenths of 1 per centum, natural gum, and pectin: *Provided*, That this paragraph shall not apply to any confectionery by reason of its containing less than one-half of 1 per centum by volume of alcohol derived solely from the use of flavoring extracts, or to any chewing gum by reason of its containing harmless nonnutritive masticatory substances.

"MISBRANDED FOOD

"Sec. 403. A food shall be deemed to be misbranded—

"(a) If its labeling is false or misleading in any particular.

"(b) If it is offered for sale under the name of another food.

"(c) If it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word 'imitation' and, immediately thereafter, the name of the food imitated.

"(d) If its container is so made, formed, or filled as to be misleading.

"(e) If in package form unless it bears a label containing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count: *Provided*, That under clause (2) of this paragraph reasonable variations shall be permitted, and exemptions as to small packages shall be established, by regulations prescribed by the Secretary.

"(f) If any word, statement, or other information required by or under authority of this Act to appear on the label or labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use.

"(g) If it purports to be or is represented as a food for which a definition and standard of identity has been prescribed by regulations as provided by section 401, unless (1) it conforms to such definition and standard, and (2) its label bears the name of the food specified in the definition and standard, and, insofar as may be required by such regulations, the common names of optional ingredients (other than spices, flavoring, and coloring) present in such food.

"(h) If it purports to be or is represented as—

"(1) a food for which a standard of quality has been prescribed by regulations as provided by section 401, and its quality falls below such standard, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard; or

"(2) a food for which a standard or standards of fill of container have been prescribed by regulations as provided by section 401, and it falls below the standard of fill of container applicable thereto, unless its label bears, in such manner and form as such regulations specify, a statement that it falls below such standard.

"(i) If it is not subject to the provisions of paragraph (g) of this section unless its label bears (1) the common or usual name of the food, if any there be, and (2) in case it is fabricated from two or more ingredients, the common or usual name of each such ingredient; except that spices, flavorings, and colorings, other than those sold as such, may be designated as spices, flavorings, and colorings without naming each: *Provided*, That to the extent that compliance with the requirements of clause (2) of this paragraph is impracticable, or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the Secretary.

"(j) If it purports to be or is represented for special dietary uses, unless its label bears such information concerning its vitamin, mineral, and other dietary properties as the Secretary determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for such uses.

"(k) If it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact: *Provided*, That to the extent that compliance with the requirements of this paragraph is impracticable, exemptions shall be established by regulations promulgated by the Secretary. The provisions of this paragraph and paragraphs (g) and (i) with respect to artificial coloring shall not apply in the case of butter, cheese, or ice cream.

"EMERGENCY PERMIT CONTROL

"Sec. 404. (a) Whenever the Secretary finds after investigation that the distribution in interstate commerce of any class of food may, by reason of contamination with micro-organisms during the manufacture, processing, or packing thereof in any locality, be injurious to health, and that such injurious nature cannot be adequately determined after such articles have entered interstate commerce, he then, and in such case only, shall promulgate regulations providing for the issuance, to manufacturers, processors, or packers of such class of food in such locality, of permits to which shall be attached such conditions governing the manufacture, processing, or packing of such class of food, for such temporary period of time, as may be necessary to protect the public health; and after the effective date of such regulations, and during such temporary period, no person shall introduce or deliver for introduction into interstate commerce any such food manufactured, processed, or packed by any such manufacturer, processor, or packer unless such manufacturer, processor, or packer holds a permit issued by the Secretary as provided by such regulations.

"(b) The Secretary is authorized to suspend immediately upon notice any permit issued under authority of this section if it is found that any of the conditions of the permit have been violated. The holder of a permit so suspended shall be privileged at any time to apply for the reinstatement of such permit, and the Secretary shall, immediately after prompt hearing and an inspection of the establishment, reinstate such permit if it is found that adequate measures have been taken to comply with and maintain the conditions of the permit, as originally issued or as amended.

"(c) Any officer or employee duly designated by the Secretary shall have access to any factory or establishment, the operator of which holds a permit from the Secretary, for the purpose of ascertaining whether or not the conditions of the permit are being complied with, and denial of access for such inspection shall be ground for suspension of the permit until such access is freely given by the operator.

"REGULATIONS MAKING EXEMPTIONS

"Sec. 405. The Secretary shall promulgate regulations exempting from any labeling requirement of this act (1) small open containers of fresh fruits and fresh vegetables and (2) food which is, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded under the provisions of this act upon removal from such processing, labeling, or repacking establishments.

"TOLERANCES FOR POISONOUS INGREDIENTS IN FOOD AND CERTIFICATION OF COAL-TAR COLORS FOR FOOD

"Sec. 406. (a) Any poisonous or deleterious substance added to any food, except where such substance is required in the production thereof or cannot be avoided by good manufacturing practice shall be deemed to be unsafe for purpose of the application of clause (2) of section 402 (a); but when such substance is so required or cannot be so avoided, the Secretary shall promulgate regulations limiting the quantity therein or thereon to such extent as he finds necessary for the protection of public health, and any quantity exceeding the limits so fixed shall also be deemed to be unsafe for purposes of the application of clause (2) of section 402 (a). While such a regulation is in effect limiting the quantity of any such substance in the case of any food, such food shall not, by reason of bearing or containing any added amount of such substance, be considered to be adulterated within the meaning of clause (1) of section 402 (a). In determining the quantity of such added substance to be tolerated in or on different articles of food the Secretary shall take into account the extent to which the use of such substance is required or cannot be avoided in the production of each such article, and the other ways in which the consumer may be affected by the same or other poisonous or deleterious substances.

"(b) The Secretary shall promulgate regulations providing for the listing of coal-tar colors which are harmless and suitable for use in food and for the certification of batches of such colors, with or without harmless diluents.

"CHAPTER V—DRUGS AND DEVICES

"ADULTERATED DRUGS AND DEVICES

"Sec. 501. A drug or device shall be deemed to be adulterated—

"(a) (1) If it consists in whole or in part of any filthy, putrid, or decomposed substance; or (2) if it has been prepared, packed, or held under insanitary conditions whereby it may have been contaminated with filth, or whereby it may have been rendered injurious to health; or (3) if it is a drug and its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health; or (4) if it is a drug and it bears or contains, for purposes of coloring only, a coal-tar color other than one from a batch that has been certified in accordance with regulations as provided by section 504.

"(b) If it purports to be or is represented as a drug the name of which is recognized in an official compendium, and its strength differs from, or its quality or purity falls below, the standard set forth in such compendium. Such determination as to strength, quality, or purity shall be made in accordance with the tests or methods of assay set forth in such compendium, except that

whenever tests or methods of assay have not been prescribed in such compendium, or such tests or methods of assay as are prescribed are, in the judgment of the Secretary, insufficient for the making of such determination, the Secretary shall bring such fact to the attention of the appropriate body charged with the revision of such compendium, and if such body fails within a reasonable time to prescribe tests or methods of assay which, in the judgment of the Secretary, are sufficient for purposes of this paragraph, then the Secretary shall promulgate regulations prescribing appropriate tests or methods of assay in accordance with which such determination as to strength, quality, or purity shall be made. No drug defined in an official compendium shall be deemed to be adulterated under this paragraph because it differs from the standard of strength, quality, or purity thereof set forth in such compendium, if its difference in strength, quality, or purity from such standard is plainly stated on its label. Whenever a drug is recognized in both the United States Pharmacopoeia and the Homeopathic Pharmacopoeia of the United States it shall be subject to the requirements of the United States Pharmacopoeia unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homeopathic Pharmacopoeia of the United States and not to those of the United States Pharmacopoeia.

"(c) If it is not subject to the provisions of paragraph (b) of this section and its strength differs from, or its purity or quality falls below, that which it purports or is represented to possess.

"(d) If it is a drug and any substance has been (1) mixed or packed therewith so as to reduce its quality or strength or (2) substituted wholly or in part therefor.

"MISBRANDED DRUGS AND DEVICES

"Sec. 502. A drug or device shall be deemed to be misbranded—

"(a) If its labeling is false or misleading in any particular.

"(b) If in package form unless it bears a label containing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count: *Provided*, That under clause (2) of this paragraph reasonable variations shall be permitted, and exemptions as to small packages shall be established, by regulations prescribed by the Secretary.

"(c) If any word, statement, or other information required by or under authority of this act to appear on the label or labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use.

"(d) If it is for use by man and contains any quantity of the narcotic or hypnotic substance alpha eucaine, barbituric acid, beta-eucaine, bromal, cannabis, carbromal, chloral, coca, cocaine, codeine, heroin, marihuana, morphine, opium, paraldehyde, peyote, or sulphonmethane; or any chemical derivative of such substance, which derivative has been by the Secretary, after investigation, found to be, and by regulations designated as, habit forming; unless its label bears the name, quantity, and percentage of such substance or derivative and in juxtaposition therewith the statement "Warning—May be habit forming".

"(e) If it is a drug and is not designated solely by a name recognized in an official compendium unless its label bears (1) the common or usual name of the drug, if such there be; and (2), in case it is fabricated from two or more ingredients, the common or usual name of each active ingredient, including the quantity, kind, and proportion of any alcohol, and also including, whether active or not, the name and quantity or proportion of any bromides, ether, chloroform, acetanilid, acetphenetidin, amidopyrine, antipyrine, atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis glucosides, mercury, cuabain, strophanthin, strychnine, thyroid, or any derivative or preparation of any such substances, contained therein: *Provided*, That to the extent that compliance with the requirements of clause (2) of this paragraph is impracticable, exemptions shall be established by regulations promulgated by the Secretary.

"(f) Unless its labeling bears (1) adequate directions for use; and (2) such adequate warnings against use in those pathological conditions or by children where its use may be dangerous to health, or against unsafe dosage or methods or duration of administration or application, in such manner and form, as are necessary for the protection of users: *Provided*, That where any requirement of clause (1) of this paragraph, as applied to any drug or device, is not necessary for the protection of the public health, the Secretary shall promulgate regulations exempting such drug or device from such requirement.

"(g) If it purports to be a drug the name of which is recognized in an official compendium, unless it is packaged and labeled as prescribed therein: *Provided*, That the method of packing may be modified with the consent of the Secretary. Whenever a drug is recognized in both the United States Pharmacopoeia and the Homeopathic Pharmacopoeia of the United States, it shall be subject to the requirements of the United States Pharmacopoeia with respect to packaging and labeling unless it is labeled and offered for sale as a homeopathic drug, in which case it shall be subject to the provisions of the Homeopathic Pharmacopoeia of the United States, and not to those of the United States Pharmacopoeia.

"(h) If it has been found by the Secretary to be a drug liable to deterioration, unless it is packaged in such form and manner, and its label bears a statement of such precautions, as the Secre-

tary shall by regulations require as necessary for the protection of the public health. No such regulation shall be established for any drug recognized in an official compendium until the Secretary shall have informed the appropriate body charged with the revision of such compendium of the need for such packaging or labeling requirements and such body shall have failed within a reasonable time to prescribe such requirements.

"(i) (1) If it is a drug and its container is so made, formed, or filled as to be misleading; or (2) if it is an imitation of another drug; or (3) if it is offered for sale under the name of another drug.

"(j) If it is dangerous to health when used in the dosage, or with the frequency or duration prescribed, recommended, or suggested in the labeling thereof.

"EXEMPTIONS IN CASE OF DRUGS AND DEVICES

"Sec. 503. (a) The Secretary is hereby directed to promulgate regulations exempting from any labeling or packaging requirement of this Act drugs and devices which are, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such drugs and devices are not adulterated or misbranded under the provisions of this Act upon removal from such processing, labeling, or repacking establishment.

"(b) A drug dispensed on a written prescription signed by a physician, dentist, or veterinarian (except a drug dispensed in the course of the conduct of a business of dispensing drugs pursuant to diagnosis by mail), shall if—

"(1) such physician, dentist, or veterinarian is licensed by law to administer such drug, and

"(2) such drug bears a label containing the name and place of business of the dispenser, the serial number and date of such prescription, and the name of such physician, dentist, or veterinarian, be exempt from the requirements of section 502 (b) and (e), and (in case such prescription is marked by the writer thereof as not refillable or its refilling is prohibited by law) of section 502 (d).

"CERTIFICATION OF COAL-TAR COLORS FOR DRUGS

"Sec. 504. The Secretary shall promulgate regulations providing for the listing of coal-tar colors which are harmless and suitable for use in drugs for purposes of coloring only and for the certification of batches of such colors, with or without harmless diluents.

"NEW DRUGS

"Sec. 505. (a) No person shall introduce or deliver for introduction into interstate commerce any new drug, unless an application filed pursuant to subsection (b) is effective with respect to such drug.

"(b) Any person may file with the Secretary an application with respect to any drug subject to the provisions of subsection (a). Such person shall submit to the Secretary as a part of the application (1) full reports of investigations which have been made to show whether or not such drug is safe for use; (2) a full list of the articles used as components of such drug; (3) a full statement of the composition of such drug; (4) a full description of the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of such drug; (5) such samples of such drug and of the articles used as components thereof as the Secretary may require; and (6) specimens of the labeling proposed to be used for such drug.

"(c) An application provided for in subsection (b) shall become effective on the sixtieth day after the filing thereof unless prior to such day the Secretary by notice to the applicant in writing postpones the effective date of the application to such time (not more than one hundred and eighty days after the filing thereof) as the Secretary deems necessary to enable him to study and investigate the application.

"(d) If the Secretary finds, after due notice to the applicant and giving him an opportunity for a hearing, that (1) the investigations, reports of which are required to be submitted to the Secretary pursuant to subsection (b), do not include adequate tests by all methods reasonably applicable to show whether or not such drug is safe for use under the conditions prescribed, recommended, or suggested in the proposed labeling thereof; (2) the results of such tests show that such drug is unsafe for use under such conditions or do not show that such drug is safe for use under such conditions; (3) the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of such drug are inadequate to preserve its identity, strength, quality, and purity; or (4) upon the basis of the information submitted to him as part of the application, or upon the basis of any other information before him with respect to such drug, he has insufficient information to determine whether such drug is safe for use under such conditions, he shall, prior to the effective date of the application, issue an order refusing to permit the application to become effective.

"(e) The effectiveness of an application with respect to any drug shall, after due notice and opportunity for hearing to the applicant, by order of the Secretary be suspended if the Secretary finds (1) that clinical experience, tests by new methods, or tests by methods not deemed reasonably applicable when such application became effective show that such drug is unsafe for use under the conditions of use upon the basis of which the application became effective, or (2) that the application contains any untrue statement of a material fact. The order shall state the findings upon which it is based.

"(f) An order refusing to permit an application with respect to any drug to become effective shall be revoked whenever the Secretary finds that the facts so require.

"(g) Orders of the Secretary issued under this section shall be served (1) in person by any officer or employee of the department designated by the Secretary or (2) by mailing the order by registered mail addressed to the applicant or respondent at his last-known address in the records of the Secretary.

"(h) An appeal may be taken by the applicant from an order of the Secretary refusing to permit the application to become effective, or suspending the effectiveness of the application. Such appeal shall be taken by filing in the district court of the United States within any district wherein such applicant resides or has his principal place of business, or in the District Court of the United States for the District of Columbia, within sixty days after the entry of such order, a written petition praying that the order of the Secretary be set aside. A copy of such petition shall be forthwith served upon the Secretary, or upon any officer designated by him for that purpose, and thereupon the Secretary shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm or set aside such order. No objection to the order of the Secretary shall be considered by the court unless such objection shall have been urged before the Secretary or unless there were reasonable grounds for failure so to do. The finding of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive. If any person shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence to be taken before the Secretary and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Secretary may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified findings which, if supported by substantial evidence, shall be conclusive, and his recommendation, if any, for the setting aside of the original order. The judgment and decree of the court affirming or setting aside any such order of the Secretary shall be final, subject to review as provided in sections 128, 239, and 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, secs. 225, 346, and 347), and in section 7, as amended, of the Act entitled 'An Act to establish a Court of Appeals for the District of Columbia', approved February 9, 1893 (D. C. Code, title 18, sec. 26). The commencement of proceedings under this subsection shall not, unless specifically ordered by the court to the contrary, operate as a stay of the Secretary's order.

"(i) The Secretary shall promulgate regulations for exempting from the operation of this section drugs intended solely for investigational use by experts qualified by scientific training and experience to investigate the safety of drugs.

"CHAPTER VI—COSMETICS

"ADULTERATED COSMETICS

"Sec. 601. A cosmetic shall be deemed to be adulterated—

"(a) If it bears or contains any poisonous or deleterious substance which may render it injurious to users under the conditions of use prescribed in the labeling thereof, or under such conditions of use as are customary or usual: *Provided*, That this provision shall not apply to coal-tar hair dye, the label of which bears the following legend conspicuously displayed thereon: 'Caution—This product contains ingredients which may cause skin irritation on certain individuals and a preliminary test according to accompanying directions should first be made. This product must not be used for dyeing the eyelashes or eyebrows; to do so may cause blindness,' and the labeling of which bears adequate directions for such preliminary testing. For the purposes of this paragraph and paragraph (e) the term 'hair dye' shall not include eyelash dyes or eyebrow dyes.

"(b) If it consists in whole or in part of any filthy, putrid, or decomposed substance.

"(c) If it has been prepared, packed, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered injurious to health.

"(d) If its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health.

"(e) If it is not a hair dye and it bears or contains a coal-tar color other than one from a batch that has been certified in accordance with regulations as provided by section 604.

"MISBRANDED COSMETICS

"Sec. 602. A cosmetic shall be deemed to be misbranded—

"(a) If its labeling is false or misleading in any particular.

"(b) If in package form unless it bears a label containing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count: *Provided*, That under clause (2) of this paragraph reasonable variations shall be permitted, and exemptions as to small packages shall be established, by regulations prescribed by the Secretary.

"(c) If any word, statement, or other information required by or under authority of this Act to appear on the label or labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the

labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use.

"(d) If its container is so made, formed, or filled as to be misleading.

"REGULATIONS MAKING EXEMPTIONS

"Sec. 603. The Secretary shall promulgate regulations exempting from any labeling requirement of this Act cosmetics which are, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such cosmetics are not adulterated or misbranded under the provisions of this Act upon removal from such processing, labeling, or repackaging establishment.

"CERTIFICATION OF COAL-TAR COLORS FOR COSMETICS

"Sec. 604. The Secretary shall promulgate regulations providing for the listing of coal-tar colors which are harmless and suitable for use in cosmetics and for the certification of batches of such colors, with or without harmless diluents.

"CHAPTER VII—GENERAL ADMINISTRATIVE PROVISIONS

"REGULATIONS AND HEARINGS

"Sec. 701. (a) The authority to promulgate regulations for the efficient enforcement of this Act, except as otherwise provided in this section, is hereby vested in the Secretary.

"(b) The Secretary of the Treasury and the Secretary of Agriculture shall jointly prescribe regulations for the efficient enforcement of the provisions of section 801, except as otherwise provided therein. Such regulations shall be promulgated in such manner and take effect at such time, after due notice, as the Secretary of Agriculture shall determine.

"(c) Hearings authorized or required by this Act shall be conducted by the Secretary or such officer or employee as he may designate for the purpose.

"(d) The definitions and standards of identity promulgated in accordance with the provisions of this Act shall be effective for the purposes of the enforcement of this Act, notwithstanding such definitions and standards as may be contained in other laws of the United States and regulations promulgated thereunder.

"(e) The Secretary, on his own initiative or upon an application of any interested industry or substantial portion thereof stating reasonable grounds therefor, shall hold a public hearing upon a proposal to issue, amend, or repeal any regulation contemplated by any of the following sections of this Act: 401, 403 (j), 404 (a), 406 (a) and (b), 501 (b), 502 (d), 502 (h), 504, and 604. The Secretary shall give appropriate notice of the hearing, and the notice shall set forth the proposal in general terms and specify the time and place for a public hearing to be held thereon not less than thirty days after the date of the notice, except that the public hearing on regulations under section 404 (a) may be held within a reasonable time, to be fixed by the Secretary, after notice thereof. At the hearing any interested person may be heard in person or by his representative. As soon as practicable after completion of the hearing, the Secretary shall by order make public his action in issuing, amending, or repealing the regulation or determining not to take such action. The Secretary shall base his order only on substantial evidence of the record at the hearing and shall set forth as part of the order detailed findings of fact on which the order is based. No such order shall take effect prior to the ninetieth day after it is issued, except that if the Secretary finds that emergency conditions exist necessitating an earlier effective date, then the Secretary shall specify in the order his findings as to such conditions and the order shall take effect at such earlier date as the Secretary shall specify therein to meet the emergency.

"(f) (1) In a case of actual controversy as to the validity of any order under subsection (e), any person who will be adversely affected by such order if placed in effect may at any time prior to the ninetieth day after such order is issued file a petition with the Circuit Court of Appeals of the United States for the circuit wherein such person resides or has his principal place of business, for a judicial review of such order. The summons and petition may be served at any place in the United States. The Secretary, promptly upon service of the summons and petition, shall certify and file in the court the transcript of the proceedings and the record on which the Secretary based his order.

"(2) If the petitioner applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Secretary, and to be adduced upon the hearing, in such manner and upon such terms and conditions as to the court may seem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

"(3) The court shall have jurisdiction to affirm the order, or to set it aside in whole or in part, temporarily or permanently. If the order of the Secretary refuses to issue, amend, or repeal a regulation and such order is not in accordance with law the court shall by its judgment order the Secretary to take action, with respect to such regulation, in accordance with law. The

findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive.

"(4) The judgment of the court affirming or setting aside, in whole or in part, any such order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended.

"(5) Any action instituted under this subsection shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.

"(6) The remedies provided for in this subsection shall be in addition to and not in substitution for any other remedies provided by law.

"(g) A certified copy of the transcript of the record and proceedings under subsection (e) shall be furnished by the Secretary to any interested party at his request, and payment of the costs thereof, and shall be admissible in any criminal, libel for condemnation, exclusion of imports, or other proceeding arising under or in respect to this Act, irrespective of whether proceedings with respect to the order have previously been instituted or become final under subsection (f).

"EXAMINATIONS AND INVESTIGATIONS

"SEC. 702. (a) The Secretary is authorized to conduct examinations and investigations for the purposes of this Act through officers and employees of the Department or through any health, food, or drug officer or employee of any State, Territory, or political subdivision thereof, duly commissioned by the Secretary as an officer of the Department. In the case of food packed in a Territory the Secretary shall attempt to make inspection of such food at the first point of entry within the United States when, in his opinion and with due regard to the enforcement of all the provisions of this Act, the facilities at his disposal will permit of such inspection. For the purposes of this subsection the term 'United States' means the States and the District of Columbia.

"(b) Where a sample of a food, drug, or cosmetic is collected for analysis under this Act the Secretary shall, upon request, provide a part of such official sample for examination or analysis by any person named on the label of the article, or the owner thereof, or his attorney or agent; except that the Secretary is authorized, by regulations, to make such reasonable exceptions from, and impose such reasonable terms and conditions relating to, the operation of this subsection as he finds necessary for the proper administration of the provisions of this Act.

"(c) For purposes of enforcement of this Act, records of any department or independent establishment in the executive branch of the Government shall be open to inspection by any official of the Department of Agriculture duly authorized by the Secretary to make such inspection.

"RECORDS OF INTERSTATE SHIPMENT

"SEC. 703. For the purpose of enforcing the provisions of this Act, carriers engaged in interstate commerce, and persons receiving food, drugs, devices, or cosmetics in interstate commerce or holding such articles so received, shall, upon the request of an officer or employee duly designated by the Secretary, permit such officer or employee, at reasonable times, to have access to and to copy all records showing the movement in interstate commerce of any food, drug, device, or cosmetic, or the holding thereof during or after such movement, and the quantity, shipper, and consignee thereof; and it shall be unlawful for any such carrier or person to fail to permit such access to and copying of any such record so requested when such request is accompanied by a statement in writing specifying the nature or kind of food, drug, device, or cosmetic to which such request relates: *Provided*, That evidence obtained under this section shall not be used in a criminal prosecution of the person from whom obtained: *Provided further*, That carriers shall not be subject to the other provisions of this Act by reason of their receipt, carriage, holding, or delivery of food, drugs, devices, or cosmetics in the usual course of business as carriers.

"FACTORY INSPECTION

"SEC. 704. For purposes of enforcement of this Act, officers or employees duly designated by the Secretary, after first making request and obtaining permission of the owner, operator, or custodian thereof, are authorized (1) to enter, at reasonable times, any factory, warehouse, or establishment in which food, drugs, devices, or cosmetics are manufactured, processed, packed, or held, for introduction into interstate commerce or are held after such introduction, or to enter any vehicle being used to transport or hold such food, drugs, devices, or cosmetics in interstate commerce; and (2) to inspect, at reasonable times, such factory, warehouse, establishment, or vehicle and all pertinent equipment, finished and unfinished materials, containers, and labeling therein.

"PUBLICITY

"SEC. 705. (a) The Secretary shall cause to be published from time to time reports summarizing all judgments, decrees, and court orders which have been rendered under this Act, including the nature of the charge and the disposition thereof.

"(b) The Secretary may also cause to be disseminated information regarding food, drugs, devices, or cosmetics in situations involving, in the opinion of the Secretary, imminent danger to health or gross deception of the consumer. Nothing in this section shall be construed to prohibit the Secretary from collecting, reporting, and illustrating the results of the investigations of the Department.

"COST OF CERTIFICATION OF COAL-TAR COLORS

"SEC. 706. The admitting to listing and certification of coal-tar colors, in accordance with regulations prescribed under this Act, shall be performed only upon payment of such fees, which shall be specified in such regulations, as may be necessary to provide, maintain, and equip an adequate service for such purposes.

"CHAPTER VIII—IMPORTS AND EXPORTS

"SEC. 801. (a) The Secretary of the Treasury shall deliver to the Secretary of Agriculture, upon his request, samples of food, drugs, devices, and cosmetics which are being imported or offered for import into the United States, giving notice thereof to the owner or consignee, who may appear before the Secretary of Agriculture and have the right to introduce testimony. If it appears from the examination of such samples or otherwise that (1) such article has been manufactured, processed, or packed under insanitary conditions, or (2) such article is forbidden or restricted in sale in the country in which it was produced or from which it was exported, or (3) such article is adulterated, misbranded, or in violation of section 505, then such article shall be refused admission. This paragraph shall not be construed to prohibit the admission of narcotic drugs the importation of which is permitted under section 2 of the Act of May 26, 1922, as amended (U. S. C., 1934 edition, title 21, sec. 173).

"(b) The Secretary of the Treasury shall refuse delivery to the consignee and shall cause the destruction of any such article refused admission, unless such article is exported by the consignee within three months from the date of notice of such refusal, under such regulations as the Secretary of the Treasury may prescribe: *Provided*, That the Secretary of the Treasury may deliver to the consignee any such article pending examination and decision in the matter on execution of a bond as liquidated damages for the amount of the full invoice value thereof together with the duty thereon and on refusing for any cause to return such article or any part thereof to the custody of the Secretary of the Treasury when demanded for the purpose of excluding it from the country or for any other purpose, such consignee shall forfeit the full amount of the bond as liquidated damages.

"(c) All charges for storage, cartage, and labor on any article which is refused admission or delivery shall be paid by the owner or consignee and in default of such payment shall constitute a lien against any future importations made by such owner or consignee.

"(d) A food, drug, device, or cosmetic intended for export shall not be deemed to be adulterated or misbranded under this Act if it (1) accords to the specifications of the foreign purchaser, (2) is not in conflict with the laws of the country to which it is intended for export, and (3) is labeled on the outside of the shipping package to show that it is intended for export. But if such article is sold or offered for sale in domestic commerce, this subsection shall not exempt it from any of the provisions of this Act.

"CHAPTER IX—MISCELLANEOUS

"SEPARABILITY CLAUSE

"SEC. 901. If any provision of this Act is declared unconstitutional, or the applicability thereof to any person or circumstances is held invalid, the constitutionality of the remainder of the Act and the applicability thereof to other persons and circumstances shall not be affected thereby.

"EFFECTIVE DATE AND REPEALS

"SEC. 902. (a) This Act shall take effect twelve months after the date of its enactment. The Federal Food and Drugs Act of June 30, 1906, as amended (U. S. C., 1934 ed., title 21, secs. 1-15), shall remain in force until such effective date, and, except as otherwise provided in this subsection, is hereby repealed effective upon such date: *Provided*, That the provisions of section 701 shall become effective on the enactment of this Act, and thereafter the Secretary is authorized hereby to (1) conduct hearings and to promulgate regulations which shall become effective on or after the effective date of this Act as the Secretary shall direct, and (2) designate prior to the effective date of this Act food having common or usual names and exempt such food from the requirements of clause (2) of section 403 (1) for a reasonable time to permit the formulation, promulgation, and effective application of definitions and standards of identity therefor as provided by section 401: *Provided further*, That sections 502 (j), 505, and 601 (a), and all other provisions of this Act to the extent that they may relate to the enforcement of such sections, shall take effect on the date of the enactment of his Act, except that in the case of a cosmetic to which the proviso of section 601 (a) relates, such cosmetic shall not, prior to the ninetieth day after such date of enactment, be deemed adulterated by reason of the failure of its label to bear the legend prescribed in such proviso: *Provided further*, That the Act of March 4, 1923 (U. S. C., 1934 ed., title 21, sec. 6; 42 Stat. 1500, ch. 268), defining butter and providing a standard therefor; the Act of July 24, 1919 (U. S. C., 1934 ed., title 21, sec. 10; 41 Stat. 271, ch. 26), defining wrapped meats as in package form; and the amendment to the Food and Drugs Act, section 10A, approved August 27, 1935 (U. S. C., 1934 ed., Sup. III, title 21, sec. 14a), shall remain in force and effect and be applicable to the provisions of this Act.

"(b) Meats and meat food products shall be exempt from the provisions of this Act to the extent of the application or the extension thereto of the Meat Inspection Act, approved March 4, 1907, as amended (U. S. C., 1934 ed., title 21, secs. 71-91; 34 Stat. 1260 et seq.).

"(c) Nothing contained in this Act shall be construed as in any way affecting, modifying, repealing, or superseding the provisions of the virus, serum, and toxin Act of July 1, 1902 (U. S. C., 1934 ed., title 42, chap. 4); the Filled Cheese Act of June 6, 1896 (U. S. C., 1934 ed., title 26, ch. 10); the Filled Milk Act of March 4, 1923 (U. S. C., 1934 ed., title 21, ch. 3, secs. 61-63); or the Import Milk Act of February 15, 1927 (U. S. C., 1934 ed., title 21, ch. 4, secs. 141-149).

"(d) In order to carry out the provisions of this Act which take effect prior to the repeal of the Food and Drugs Act of June 30, 1906, as amended, appropriations available for the enforcement of such Act of June 30, 1906, are also authorized to be made available to carry out such provisions."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title and agree to the same.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
WILLIAM P. COLE, JR.,
SAMUEL B. PETTINGILL,
HERRON PEARSON,
CARL E. MAPES,
CHARLES A. HALLECK,
B. CARROLL REECE,

Managers on the part of the House.

ROYAL S. COPELAND,
JOSIAH W. BAILEY,
BENNETT CHAMP CLARK,
ERNEST W. GIBSON,
A. H. VANDENBERG,
CHAS. L. McNARY,
HATTIE W. CARAWAY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 5) to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as agreed to in conference is substantially the same as the amendment of the House to the Senate bill. The important changes from the House amendment are as follows:

Injunctions to restrain violations

The bill as agreed to in conference permits injunctions to restrain violation of the act in the following respects in which the House amendment did not provide for injunctions:

(1) Manufacture within any Territory (including the District of Columbia) of any food, drug, device, or cosmetic that is adulterated or misbranded.

(2) Tampering with the labeling of, or doing any other act with respect to, a food, drug, device, or cosmetic, if such act is done while the article is held for sale after shipment in interstate commerce and results in such article being misbranded.

(3) Using, on the labeling of a drug or in advertising a drug, a representation that an application with respect to such drug is effective under the "new drug" section, or that such drug complies with the provisions of such section.

Permission for multiple labels

Under the House amendment multiple labels in cases of misbranding are permitted when the Secretary has probable cause to believe that the misbranded article is dangerous to health or that the labeling of the misbranded article is, in a material respect, false or fraudulent. Under the conference agreement such labels are permitted when the Secretary from facts found, without hearing, by him or any officer or employee of the Department of Agriculture, has probable cause to believe that the misbranded article is dangerous to health or that the labeling of the misbranded article is fraudulent, or would be in a material respect misleading to the injury or damage of the purchaser or consumer.

Change of venue when only one label permitted

Under the House amendment where the number of labels for misbranding is limited to one proceeding, such proceeding shall on application of the claimant seasonably made be removed for trial to a district in a State contiguous to the State of the claimant's principal place of business; such district to be stipulated between the parties, or, if they cannot agree, to be designated by the court to which the application is made. Under the conference agreement the change of venue is to any district agreed upon by the parties, or, if they cannot agree within a reasonable time, the court within which the label is pending (after reasonable notice and opportunity for hearing to the United States attorney) shall by order, unless good cause to the contrary is shown, provide for the removal of the case to a district of reasonable proximity to the claimant's principal place of business.

Consolidation of multiple labels

Under the House amendment when label proceedings involving the same claimant and the same issues of adulteration or mis-

branding are pending in two or more district courts, such proceedings upon application of the claimant to one of such courts may be consolidated for trial by order of such court and tried in any district, selected by the claimant, where one of the proceedings is pending, or, if not so selected, in a district contiguous to the State of the claimant's principal place of business, to be agreed upon between the parties, or, if they cannot agree, to be designated by the court to which the application is made. The conference agreement requires the consolidation to be in a district selected by the claimant where one of the proceedings is pending or in a district agreed upon between the parties, and further provides that if not selected in one of these manners, the court to which the application is made (after reasonable notice and opportunity for hearing to the United States attorney) shall by order, unless good cause to the contrary is shown, order the consolidation to be made in a district of reasonable proximity to the claimant's principal place of business.

Warning of minor violations

The conference agreement omits the limitation that only one warning of a minor violation of the act may be given by the Secretary.

Adulteration of ice cream

Under the House amendment ice cream, in addition to being subject to the general provisions relating to other foods, is considered as adulterated if it bears or contains any alcohol or non-nutritive article or substance except harmless coloring, harmless flavoring, harmless, resinous glaze, harmless stabilizer of animal or vegetable origin, natural gum, and pectin, but it is provided that this provision shall not apply by reason of its containing less than one-half of 1 percent of alcohol derived solely from the use of flavoring extracts. The conference agreement omits this special provision with relation to ice cream.

Harmless resinous glaze

The conference agreement limits the amount of harmless resinous glaze permissible in confectionery to four-tenths of 1 percent.

Label disclosure of ingredients of food

The House amendment and the bill as agreed to in conference require the labels of all food products for which no definition and standard of identity have been prescribed, and which are made from two or more ingredients, to bear the names of each ingredient, except spices, flavorings, and colorings, unless exempted by regulations on the ground that compliance is impracticable or results in deception or unfair competition. The conference agreement omits a provision of the House amendment which exempted also proprietary products, when label disclosures would give competitors information they could not otherwise obtain, on condition that the composition had been disclosed to the Secretary.

Whisky

Under the House amendment if any article is labeled as "whisky" (with or without qualifying words) and it or any part of it is distilled from a source other than grain, it shall be deemed not to provide the consumer with adequate information as to its identity within the meaning of certain provisions of the Federal Alcohol Administration Act. This provision is omitted by the conference agreement.

Variations in strength, quality, and purity of official drugs

The House amendment defined drugs recognized in official compendia as adulterated if they differ in strength, quality, or purity from the official standard, but permitted difference in strength on condition that the difference from the standard be plainly stated on the label. The conference agreement permits, on the same condition, differences also in quality and purity.

Identity of drugs

Under the House amendment a drug or device which does not purport to be and is not represented as a drug recognized in an official compendium is considered adulterated if its identity differs from that which it purports or is represented to possess. This provision is omitted under the conference agreement as surplusage since in the case of these drugs and devices, as well as in the case of drugs recognized in an official compendium, if the identity differs from that which it purports or is represented to possess, they would either be considered to be adulterated under section 501 (d) or misbranded under section 502, or both.

Drugs or devices dangerous to health when used in accordance with the label

The conference agreement transfers from the adulteration section to the misbranding section the provision of the House amendment relating to drugs and devices which are dangerous to health when used in the dosage or with the frequency or duration prescribed, recommended, or suggested in the labeling.

Label disclosure of ingredients of drugs

The House amendment and the bill as agreed to in conference requires the label of all drugs, except those recognized in official compendia, which are made with two or more active ingredients, to bear the names of each active ingredient, unless exempted by regulations on the ground that compliance is impracticable. The conference agreement omits a provision of the House amendment which exempted all drugs from this requirement, except with respect to alcohol, if their composition had been disclosed to the Secretary, but adds a provision, not found in the House amendment, also requiring label disclosure of the name and quantity or

proportion of any bromides, ether, chloroform, acetanilid, acetphenetidin, amidopyrine, antipyrine, atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis glucosides, mercury, cuabain, strophanthin, strychnine, thyroid, or any derivative or preparation of any such substances.

Warnings against misuse of drugs and devices

Under the House amendment a drug or device is considered misbranded unless its labeling bears such warnings against use in pathological conditions or by children where its use may be dangerous to health or against unsafe dosage or methods or duration of administration or application, in such manner and form, as the Secretary finds necessary for the protection of users and by regulations prescribes. Under the conference agreement a drug or device is considered misbranded unless its labeling bears such adequate warnings in the cases specified in the House amendment as are necessary for the protection of users.

Packing of drugs

Under the House amendment an article purporting to be a drug the name of which is recognized in an official compendium is deemed misbranded if not packaged and labeled as prescribed in the compendium. The conference agreement permits the method of packing to be modified with the consent of the Secretary.

Judicial review of regulations

Judicial review of the Secretary's order putting into effect a regulation under section 701 (e) under the conference agreement is had in the circuit court of appeals of the circuit of the residence or principal place of business of the person aggrieved. Under the House amendment review is in the United States district court.

The conference agreement gives the court jurisdiction to affirm or set aside the order, in whole or in part, and the order may be set aside temporarily or permanently. The conference agreement also gives the court the express power to require the Secretary to take action in accordance with law when there is error in an order of the Secretary which refuses to issue, amend, or repeal a regulation of the Secretary. The findings of the Secretary as to facts, if supported by substantial evidence, are conclusive on the court.

The type of judicial review provided in the agreement is as broad as the Constitution permits in the case of review by a constitutional court. It is to be noted that the function of the Secretary in making regulations and orders to carry them out is legislative in character. The bill as agreed to in conference retains the provisions of the House bill in section 701 (e) which lays down the rules under which the regulations may be formulated and issued. Notice, hearing, and findings are required, and the Secretary must base an order only on substantial evidence of record. Judicial review of the Secretary's action to determine if there has been compliance with such requirements, whether or not there was substantial evidence to support the finding, and, of course, upon constitutional questions, may be had.

Under the conference agreement additional evidence is to be taken before the Secretary. The provision in the House amendment for an alternative of taking such evidence before the court or a master is omitted.

Express provision is made under the conference agreement for review by the Supreme Court of the United States upon certiorari or certified questions.

The provision of the House amendment under which the remedies provided for are in addition to, and not in substitution for, other legal remedies, is retained.

CLARENCE F. LEA,
VIRGIL CHAPMAN,
WILLIAM P. COLE,
SAMUEL B. PETTINGILL,
HERRON PEARSON,
CARL E. MAPES,
B. CARROLL REECE,
CHARLES A. HALLECK,

Managers on the part of the House.

Mr. LEA. Mr. Speaker, this report was agreed to unanimously by the conferees of the Senate and House. It has also been approved by the Senate.

The conference report proposes legislation under S. 5 substantially the same as the bill passed the House. I shall briefly refer to a few changes agreed to by the conferees. I may say in this connection that someone in looking over the bill as it left the House ascertained that there were 97 changes in the Senate bill as passed by the House. Many of these changes were of a minor nature, but all of them were the result of careful attention given by the House committee for the purpose of improving, balancing, and strengthening the bill.

The Senate readily accepted 74 of these changes. There were a few matters in controversy that occupied the 5 days of attention given to the bill while it was in conference. Most of the matters of controversy were of comparatively minor importance. A few were important.

One proposal agreed to in conference extends injunctive relief as given to the Government under the bill as it passed

the House. So the conference agreement includes three additional types of prohibited acts, making them subject to injunctive action by the Government in addition to those carried in the bill as it passed the House.

There is a change in the bill in regard to libel in cases where there is a representation on the label that is in a material respect false or fraudulent. The conferees agreed to change this language so that it reads: "would be in a material respect fraudulent or misleading to the injury or damage of the purchaser or consumer."

The object of that change was to make it clear that the misleading statement which it was intended to prohibit by seizure should be of such character as it might mislead a customer or purchaser to his damage. It has in mind consumer protection.

The same change in the provisions was made in reference to the venue of seizure cases. The bill as it passed the House provided for a limitation on seizure cases that might be maintained simultaneously. Under the bill as it came before the House the claimant in case of seizure was entitled to have a transfer of the case to a district court adjacent to the State of his residence or principal place of business, if that could be arranged by stipulation. In the absence of such an agreement, the court, unless good cause to the contrary is shown, would transfer the trial of the case to such adjoining State. As agreed upon by the conferees, in case the parties fail to agree as to the trial court, the court where the case was filed may likewise order the removal to a court of reasonable proximity to claimant's principal place of business. The same rule in reference to change of venue is applied in reference to consolidation of seizure cases.

There is also a provision in reference to ice cream which after the changes made in conference permits harmless coloring matter to be used in ice cream as well as the use of a harmless stabilizer.

But the ice cream must be subjected to a reasonable standard of quality as prescribed by the Secretary of Agriculture. A limit can be placed on the amount of stabilizer in ice cream to the extent that the Secretary has power to prescribe a reasonable standard of identity.

A limitation was placed by the conference agreement on the amount of resinous glaze that may be put in confectionery. Harmless glaze is exempted, but is subject to a limitation that the amount of glaze shall not exceed four-tenths of 1 percent of the quantity of the confectionery involved.

There is a change to some extent in reference to the requirement of the disclosure of ingredients of food products. The conference report omits a sentence from the bill as it passed the House exempting certain proprietary products where a disclosure is made to the Secretary. The exemption applied only to fabricated foods. The bill as agreed on requires certain disclosures. The conference agreement still permits exemptions to be made by regulations established by the Secretary as to disclosures in reference to fabricated foods where the Secretary finds that the disclosure on the label is impracticable, or results in deception, or unfair competition.

Mr. ANDRESEN of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield to the gentleman from Minnesota.

Mr. ANDRESEN of Minnesota. Is it the understanding, then, that any manufacturer of drugs, medicines, or preparations may file the formula with the Secretary without putting the formula of ingredients upon the label?

Mr. LEA. What I have just said referred only to fabricated foods. The bill as agreed upon in conference requires the label of all drugs, except those recognized in the official compendium, which are fabricated, to bear the names of each ingredient, unless exempted by regulations on the ground of impracticability. A disclosure is required, but the Secretary may prescribe regulations relieving of that disclosure in the case of these fabricated drugs.

Mr. ANDRESEN of Minnesota. By "fabricated drugs" does the gentleman mean patent medicines?

Mr. LEA. Drugs composed of two or more drugs that do not have their standard name in the official compendium.

The conferees also agreed upon a provision requiring adequate warnings upon the label against use in certain pathological conditions or by children where its use may be dangerous to health, or against unsafe dosage or duration of use. The substance of the change as agreed to by the conference is that the warning must be "adequate," instead of being prescribed by regulations of the Secretary. The Secretary, however, can prescribe exemptions to those regulations on the ground of impracticability.

There is also a provision in reference to the packaging of drugs. Where the official compendium requires a drug on account of its deteriorating character, or some other reason, to be packaged in a certain manner and the Secretary finds that it is undesirable or unnecessary to so package drugs, he may permit a modification.

This covers the main changes made in the bill by the conference report. I believe you will all recognize that the changes are few and mostly not of great importance.

I wish to discuss the provisions in reference to court reviews. The conferees delayed in reaching an agreement in regard to this matter. The conferees of the Senate long insisted on a provision that would bring cases from all over the country to the District Court of the District of Columbia for judicial review of regulations. The House bill proposed the United States district courts for such judicial reviews. The House conferees submitted a proposal that the circuit courts of appeals of the United States be accepted as the courts for judicial reviews. Finally this proposal of the House conferees was accepted as the compromise on which unanimous agreement was reached.

In this connection we must recognize that under our system of government we have three distinct departments of government. The happy choice that the Nation undoubtedly desires is that each function of government shall be performed by that division to which its execution is assigned by the Constitution. In other words, it is highly desirable that the executive, legislative, and judicial departments shall each perform its function and not trespass upon the prerogatives of the other fundamental divisions of government.

When we have a dissatisfaction with the action of any particular function of government or one of these great agencies, there may be the temptation to go too far in restricting the constitutional activities of that division of our Government. Unquestionably, from the long-time viewpoint, the welfare of our country is best preserved by maintaining unimpaired, the independence of the legislative, the executive, and the judicial branches without destroying the fundamental cleavage that should separate the activities of these functions of the Government.

The facts of a case are presented to the reviewing court of law for the purpose primarily of putting the court in position to perform its function. Part of its duties is to protect against invasion of the rights of these separate functions of the Government.

As I understand it, the fundamental principle back of court reviews is not that the court shall dominate an administrative agency, but rather restrain its unwarranted actions.

There is no purpose that the court shall exercise the functions that belong to the executive or the legislative branches, but it is the function of the Federal courts to preserve with integrity the duties that belong to the legislative, the executive, and the judicial branches of the Government and protect the citizens against the illegitimate use of their powers. For that purpose, when Congress creates an agency having quasi-judicial or quasi-legislative functions, we expect that agency to function in its proper sphere according to its rights under the Constitution and under the rights delegated by Congress. Against the abuse or improper use of that power we place the restraining influence of the courts. They are designed to be the protectors of the law.

This does not mean the courts cannot inquire into the facts to see whether or not the agency of Congress has violated its duty; but we, on the other hand, do not assume to

transfer to the courts the burden of the legislative function intended to be performed by the agency of Congress. To pass all this responsibility to the courts would impose upon them a burden they could not possibly carry and which, as I take it, under the Constitution they do not assume to carry.

Here we provide a requirement that the action of the administrative body shall be based upon substantial evidence. When this case goes to the appellate court to determine whether or not that agency has properly performed its duties, the upper court, among other things, can inquire into these questions:

First. Is the regulation warranted by the legislative delegation of power?

Second. Does Congress itself have power to grant the power that is exercised by the agency?

Third. Has the administrative agency complied with the procedural requirements of Congress?

In this particular act we have set up a procedure, a regular order of procedure, that is to be followed by the administrative agency. The conditions under which hearings to make regulations shall be held are prescribed, with notice of hearing, both sides must present their evidence and a transcript of that evidence is the record on which the case goes to the appellate court.

The regulation that is adopted in this bill in section (e) of 701, in my opinion, is of more importance to orderly procedure and in aid of the Government departments in passing regulations than the court review section itself. This provision in our bill was written before the Supreme Court made its famous decision in the Morgan case, but it, in substance, provides that the legislative agency shall do the very things that the Supreme Court said they should do in the Morgan case.

Fourth. Have the due process requirements of the Constitution been complied with?

The Supreme Court has defined the rights of the courts in this respect. It is the duty of the courts that they have properly assigned to themselves, to inquire into the facts, to see whether or not the due process required to be accorded litigants, under the Constitution, has been complied with, and the Court has this unlimited authority to inquire into the facts for that purpose.

Fifth. Have the constitutional requirements as to protection against confiscation been regarded?

The courts have the undoubted right to go into the facts for that purpose.

Sixth. Is there substantial evidence to support the findings of the Secretary?

For this purpose the court must determine whether or not there is substantial evidence to support the findings made by the administrative agency. This goes into the question of materiality. It goes into the question whether or not the information furnished is essential and important. When we use that language we mean what the word "substantial" means in the ordinary affairs of life. It must be important, substantial, and material. It must answer the requirements of the act. In other words, the court is not debarred from going into the facts to ascertain if there is substantial evidence because there is evidence that is merely colorable, seeming or merely nominal. It means an honest-to-God review by the court for the purpose of performing its function of protecting the law against the legislative or the executive departments of the Government; and

Finally, the courts must go into the question of whether the action taken is arbitrary, unreasonable, or capricious.

They have a right—a duty—to do this under the Constitution and not merely on account of our having written that into this bill.

I now call the attention of those who are inclined to be critical of the court review section, claiming it does not go as far as it should, that this section provides for a review of a negative order of the Secretary of Agriculture.

At the present time the law affords no remedy against a negative order, for instance, refusing a permit under the emergency permit section of this law, or refusing to take

any action to remedy an unwarranted provision of a regulation promulgated under this proposed act. When this bill is enacted, the interested person who has a case will have a right to a hearing, and, in case there is an adverse order, a court review on the question of a negative order.

Mr. ROBERTSON. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield to the gentleman.

Mr. ROBERTSON. In referring to the honest-to-God investigation of what is and what is not substantial evidence, would not the court also give consideration to evidence of the ultimate fact which the Secretary is finding as distinguished from opinion evidence?

Mr. LEA. That is very true. Opinion evidence might become worthless in view of concrete indisputable direct evidence.

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. BUCK. As far as I can find, there has been no judicial construction of what the word "substantial" means in connection with evidence. The interpretation that the gentleman is putting on what substantial evidence is is the interpretation, then, that the conferees want to go into the Record for future consideration by any court if there is a matter of review involved; is that right?

Mr. LEA. I trust the language I have spoken here in reference to the matter correctly reflects the viewpoint of the conferees.

Mr. BUCK. I think, Mr. Speaker, that it is of some importance to those of us who have fought for this court review section that a proper interpretation be placed in the Record when there is no decision as to what the words "substantial evidence" mean, and I want some assurance, as far as the distinguished gentleman from California [Mr. LEA] is concerned. If his statement is the considered statement of the conferees, I am satisfied. That is all I want.

Mr. LEA. I take that to be the fact. I might call attention of the gentleman that when this bill was pending in the Committee of the Whole, it emphatically rejected a proposed amendment that would have made the findings of the Secretary conclusive if supported by any evidence. On a motion to recommit, the House likewise rejected that proposal as a substitute for the requirement of substantial evidence required by this bill.

We are not presenting or requesting a definition in the technical sense, but in the sense of the ordinary acceptance of the meaning of the word "substantial."

Mr. BUCK. "Substantial" is not going to mean evidence based on a lot of opinions that some bureaucrats would seem to want to offer?

Mr. LEA. No.

At this point I quote some excerpts from a stockyards case decided, I believe, about 2 years ago, and reported in Two Hundred and Ninety-eighth United States Reports, page 50. These quotations are of a general character but pertinent to the problem before us:

The Court does not sit as a board of revision to substitute its judgment for that of the legislature or its agents as to matters within the province of either.

"When the legislature acts directly its action is subject to judicial scrutiny and determination in order to prevent the transgression of these limits of power. The legislature cannot preclude that scrutiny and determination by any declaration of legislative finding. Legislative declaration of finding is necessarily subject to independent judicial review upon the facts and the law by courts of competent jurisdiction to the end that the Constitution as the supreme law of the land may be maintained. Nor can the legislature escape the constitutional limitation by authorizing its agents to make findings that the agent has kept within that limitation. Legislative agencies, with varying qualifications, work in a field peculiarly exposed to political demands. Some may be expert and impartial, others subservient.

But to say that their findings of fact may be made conclusive where constitutional rights of liberty and property are involved, although the evidence clearly establishes that the findings are wrong and constitutional rights have been invaded, is to place those rights at the mercy of administrative officials and seriously impair the security inherent in our judicial safeguards. That prospect,

with our multiplication of administrative agencies, is not one to be lightly regarded.

Under our system there is no warrant for the view that the judicial power of a competent court can be circumscribed by any legislative arrangement designed to give effect to administrative action going beyond the limits of constitutional authority.

Judge Brandeis in the course of further discussion said:

The order of an administrative tribunal may be set aside for error of law, substantive or procedural.

Where what purports to be a finding upon a question of fact is so involved with and dependent upon questions of law as to be in substance and effect a decision of the latter the court will, in order to decide the legal question, examine the entire record, including the evidence if necessary, as it does in cases coming from the highest court of a State.

It may set aside an order for lack of findings necessary to support it.

Or because findings were made without evidence to support them.

Or because the evidence was such that it was impossible for a fair-minded board to come to the result which was reached.

Or because the order was based on evidence not legally cognizable.

Or because facts and circumstances which ought to have been considered were excluded from consideration.

Or because facts and circumstances were considered which could not legally influence the conclusion.

These deal with errors of law or irregularities of procedure.

Mr. LEAVY. Mr. Speaker, will the gentleman yield?

Mr. LEA. Yes.

Mr. LEAVY. I take it the gentleman's definition of "substantial evidence" would be evidence where a fact could be established by evidence. The fact is the thing that should be established, rather than the expression of an opinion by an expert.

Mr. LEA. Of course the court has a right to review the whole testimony before it, with a view of determining whether or not there is substantial evidence.

Mr. LEAVY. We have direct evidence of the fact, and we have opinion evidence, when a man can qualify as an expert.

Mr. LEA. Of course it is the fundamental or ultimate fact we are dealing with in deciding what is substantial evidence.

Mr. LEAVY. I have no fault to find with the general legislation. I think it is highly commendable and desirable that the American people be protected with a wise pure food and drug act, but the regulation heretofore made in reference to fruit, particularly apples and pears, affecting the citizens of 45 States in the Nation, was made apparently upon opinion evidence 12 years ago of a few men who could qualify as experts. Spray residue ought to be removed from fruit if it is deleterious to health, but it has become a question of degree, and arbitrarily a degree has been fixed so low that it is destructive of the industry, and no proof that it is injurious. Under the court review as the conferees have reported this back, would we still have relief from an order that has been in existence for 12 years, though no record has been made, no findings of fact have ever been made?

Mr. LEA. No. That situation is this. I have been interested to some extent, as the gentleman has. I think the regulations or practice referred to could not be sustained in any court that would do its duty. The regulations or determinations were unreasonable and arbitrary, and I think almost absurd, but that was only an order. No regulations will exist with reference to spray, except what are made pursuant to this bill, when it is enacted.

Mr. LEAVY. That is, subsequent to the enactment of the bill?

Mr. LEA. Yes. A review is had and regulations may be established under this bill. What was done with reference to the spray residue was that a very limited amount was declared to be an adulteration under the criminal statute against adulteration. There was a certain amount of tolerance permitted before prosecutions would be made. There is now no regulation that controls the spray residue, and

there will not be until this bill goes into effect and regulations have been adopted.

Before that adoption occurs there will be a hearing, notice will be given, evidence taken and reduced to a record. Then when the Secretary of Agriculture acts he will be in a different position from that under which he formerly acted. He will act under a sense of responsibility, and he will have to assign the reasons for his actions, and he will have to know that when he goes to court his action will be under the scrutiny of the court, and he must meet the test of substantial evidence.

Mr. LEAVY. From the statement just made I understand that the present existing regulation, after the enactment of this legislation, will be no longer binding or effective.

Mr. LEA. There would still be a possible prosecution for adulteration, but I have no doubt that the regulations will be adopted under the circumstances that I have described and the matter treated in an orderly way.

Mr. LEAVY. All the growers ask is to comply with any regulation based on facts found after a full and fair hearing and then make the limit whatever that finding discloses it should be.

Mr. LEA. I think they will get that opportunity under this bill. In this connection I believe in what the committee has done. We have made a material contribution to the welfare of the departments themselves. In the last few days since this has been a matter of debate, at least two responsible, experienced attorneys in the Government service, connected with important agencies, have told me they think this bill makes a splendid contribution to administrative law; that it will add to the prestige and dignity and success of these agencies themselves. They gave me the viewpoint that these agencies ought to welcome this sort of orderly procedure instead of resisting it, and if so they will gain more public confidence and there will be more justice in what they do and far less reason for the courts to invalidate their actions.

Mr. BUCK. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. BUCK. I understand this is true if the Secretary of Agriculture acts.

Mr. LEA. Yes.

Mr. BUCK. If he does not act, if he makes no regulation at all, refuses to amend any order, and so forth, the pear grower, the apple grower, the tomato grower, or anybody else affected still has a right to appeal to the courts.

Mr. LEA. That is right. This is a new feature of administrative law and I believe a very important and sensible one. If the Secretary refuses to act when the evidence shows that it is his duty to act, or to repeal an unlawful or an unwarranted finding, that would be subject to review by the courts.

Mr. REECE of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. REECE of Tennessee. The court review provision included in the conference report is an indication of an advance in the field of administrative law. It is not too much to expect that in the future some similar provision may be adopted in connection with the extension of authority which Congress gives.

Mr. LEA. I think that may well be anticipated.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. LUCAS. Does the gentleman feel that the conference committee could have done anything else than bring in this court review provision in view of what the Court said in the Morgan case?

Mr. LEA. I think not. We have simply recognized constitutional limitations and followed out the sensible suggestions of the Supreme Court. This provision was written, however, before the Court decision was rendered.

Mr. LUCAS. If I understand it correctly the conference committee has retained the full legislative power that the

Constitution intended without delegating any of it to the Executive in this bill.

Mr. LEA. We believe so.

Mr. LUCAS. Let me ask one further question. The gentleman said a moment ago in reply to a question that everyone would receive notice when a certain regulation was promulgated by the Secretary of Agriculture. Will the gentleman explain whom he meant by everybody?

Mr. LEA. My statement was not strictly accurate, but public notice will be given in agricultural publications and by other usual methods so that everybody within reason will be able to learn of it. There is no attempt at personal service on everybody, of course.

Mr. LUCAS. I appreciate that. I am thinking particularly of the spray residue problem that has been debated here in the House. I have apple growers in my district. I am wondering now just how a man in that particular county would receive notice in connection with a hearing upon a regulation affecting spray residue, for instance.

Mr. LEA. I think in practice it will be given through agricultural publications, through the press generally. It will be handled in a satisfactory way, I am sure. The notice must meet the requirements of the law.

Mr. MEAD. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. MEAD. Did the gentleman's committee take up the question of misbranding packages? For example, canners of standard brands, oftentimes they will eliminate a part of the quantity yet continue the same labeling so that the purchaser will be under the impression that he is buying a standard package when in reality he is buying only a part of a standard package. I have known canners to remove one or two tomatoes from a can and yet sell the can as a standard can of tomatoes.

Mr. LEA. We have specifically provided against that very thing.

Mr. MEAD. That is very good.

I understood from what the chairman of the committee said to the gentleman from Washington that the apple and pear industry will be given more liberal consideration under the terms of the bill than they have received in the past.

Mr. LEA. They will be given a full hearing and opportunity to present their case.

Mr. MEAD. From the standpoint of a layman and subscribing to the philosophy of this bill, this bill not only covers foods and drugs but, of course, extends the authority of the original law to cosmetics and devices and, as such, it gives the public greater protection than has been the case in the past. Is that true?

Mr. LEA. That is true beyond question.

Mr. MEAD. Just one further question, if the gentleman will permit: Is the judicial procedure prescribed in this bill in keeping with the judicial decisions that have been rendered recently, particularly in the Humphreys case and in cases where the executive and the judicial authority have been in conflict? As I understand it, this simplifies and specifies the procedure so that the conflict between the Executive and the judiciary will no longer exist.

Mr. LEA. That line, I think, is pretty clearly drawn. We have also followed the recent decision of the Supreme Court, particularly in the Morgan case. We have respected the legitimate division of legislative, executive, and judicial powers.

Mr. MEAD. That is the case I have in mind.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. LEA. I yield.

Mr. SABATH. Section 701 takes away from the courts the power vested in the judiciary?

Mr. LEA. No.

Mr. SABATH. In view of the confidence the gentleman has in our judiciary, he feels that the public will be protected if that power is vested in the judiciary?

In this connection, I desire to call attention to this morning's paper, which gives a report of some of the actions of

our courts. In the third circuit, out of 16 cases, there were 16 reversals by the Supreme Court. In the seventeenth district, out of 14, there were 11 reversals. In the ninth district, out of 17 cases there were 14 reversals.

This being the case, I cannot feel so confident that these courts, if given this power, will be of greater service to the Nation than some of the departments, or gentlemen in control or the departments, have in connection with service, and real, honest service, they have rendered, and they have not been reversed during many years of faithful service.

Mr. LEA. What the gentleman states justifies what is proposed here. Instead of proceeding uncharted and holding these hearings and having reversals for procedural reasons, we map out a course that is easy for the Departments to follow. If the Departments do follow this procedural course, reversals will not occur. Instead of railing at the Supreme Court, the Departments ought to welcome a system by which the Congress will clearly chart their way and if followed they will be secure.

Mr. SABATH. Will this aid the courts in the future so that it will not be necessary for the courts to reverse 90 percent of the cases, and in some instances 100 percent of the rulings? I am referring to the Supreme Court of the United States.

Mr. LEA. Those overturns largely were on account of procedure. It frequently happens that the procedure of a department is so in disregard of recognized principles of justice that the courts naturally go into the case with merited distrust. We will give these departments the prestige and respect they deserve from the people and the courts if they comply with orderly procedure; if they give a fair hearing after notice, and make a full and fair record. When they do that they make it possible to go into a court in a way that they will enjoy the respect of the court. They will be sustained by the court, just as these quasi judicial bodies in the Federal Government are sustained. There is where your weakness is. There is where the fault is.

Mr. SABATH. I hope this will cure that weakness. I may say that I am of the opinion that these courts have assumed too much jurisdiction in nullifying the action of Congress, and it became necessary finally in the last few months for the Supreme Court to stop this abuse on the part of our courts. They have done this by reversing, according to the report I hold in my hand, in one district every 1 of the 16 cases, in another district 14 out of 17 cases, and in still another district 11 out of 14 cases. That surely is a mighty poor record. I cannot point with pride to the action of some of the circuit courts or even our district courts.

Mr. LEA. Of course, the gentleman has overruled the Supreme Court.

Mr. SABATH. No; I am with the Supreme Court, because they have reversed the findings of these courts that have usurped the power of Congress in trying to nullify the action of the Congress by issuing injunctions against the bureaus and Departments that have been trying to enforce laws we have enacted.

Mr. LEA. If the gentleman will look into the facts, he will find that the quasi judicial organizations of the Federal Government have found it possible to win confidence in their proceedings. If they follow orderly procedure and use competent care, their reversals will not be numerous. It is these irresponsible actions by administrative bodies that lead to distrust and reversals and, worse still, destroy confidence in the Government.

Mr. Speaker, before I conclude I would like to refer to the fact that in mentioning the circuit court of appeals, we used only that general language without specific reference to the United States Circuit Court of Appeals for the District of Columbia. It was the purpose of the committee to include the Circuit Court of Appeals of the District of Columbia within that term. The Supreme Court has already construed similar language as including the Circuit Court of Appeals of the District of Columbia.

Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, as the chairman of the Committee on Interstate and Foreign Commerce just said, this conference report comes to the House with the unanimous approval of all conferees, both of the House and Senate. The adoption of it will mean the culmination of years of work on the part of friends of food and drug legislation. It will mean the enlargement of the scope of the food and drug law and the improvement and strengthening of it to a very great extent.

I shall not take any extended time to discuss the conference report except to express my approval of it and of the work of the conferees. I had my say during discussion of the bill in the House of Representatives, and I am glad to say the conference report contains the identical provisions in substance, as far as the court-review section is concerned, that I offered as an amendment to the bill when it was being considered in the House.

This legislation as now presented is a tremendous step in the right direction. It is a great encouragement to the friends of proper food and drug legislation to have the conference report brought back to the House in the shape it is in. I trust it may be speedily adopted.

Mr. LEA. Mr. Speaker, I yield myself 1 additional minute. When I extend my remarks, I shall include some quotations of the Court in further exposition of what I have just said.

Mr. DOXEY. Will the gentleman yield?

Mr. LEA. I yield to the gentleman from Mississippi.

Mr. DOXEY. Mr. Speaker, I may say to the distinguished gentleman from California it is not my purpose to delay action on this conference report, but when this bill was before the House for consideration we had some little discussion concerning whether or not a doctor or firm could prescribe for the afflicted by mail. I am interested to know if the conferees made any change or modification in that particular exemption section. May I ask the gentleman if the conferees were able to comply to some degree with the request I made, in line with the amendment I introduced at that time?

Mr. LEA. We were unable to secure any change. That was a matter of some discussion. There is no change in the bill in that respect.

Mr. DOXEY. I thank the gentleman from California for that information. You know of my interest and I regret exceedingly that the conferees were not able to include within the exemption section such firms and doctors as I mentioned to you in our discussions.

Mr. Speaker, while I have the floor, I ask unanimous consent to extend my remarks in the RECORD by including therein a statement prepared by the Department of Agriculture with reference to the agricultural situation in Mississippi for the years 1932 to 1937.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. LEA. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, I doubt if any bill in recent years has been as carefully considered as the bill that is now before the House for final action. This bill, in one form or another, has engaged the attention of our committee and of the Congress for 5 years. We have slept with it, we have eaten with it, and we have bled with it. The bill passed at the previous session of the Congress, and, as the Members know, failed for the reason that the House and the Senate could not agree on a conference report. Now, after 5 years of the most painstaking study it is possible for a committee of Congressmen to engage in, the bill is here with a unanimous report of the conference committee, the managers on the part of the House as well as those of the Senate, and with the information from the chairman of our committee that the Senate has already adopted the conference report.

I am happy, indeed, to have had some small part in working out this bill, both as a member of the subcommittee which considered it during the present session and of the full Committee on Interstate and Foreign Commerce.

Mr. Speaker, I believe some rather unjust criticism has gone out to the country from certain organizations representing so-called consumer interests to the effect that this bill emasculates even the existing law. There has been a great deal of objection made on this question of court review. I have received letters in the last week or 10 days from a number of these organizations stating that the bill is worse than no bill at all because the question of regulations and orders will be interminably before the country and a hostile interest can forever postpone effective action. There is no warrant for such a statement.

If no application for a court review is filed within 90 days, that ends it as far as the new section of the statute is concerned. Consequently, it seems to me this is actually a strong step, not only in protecting the interest of the great producing industries of America, whether they produce apples or pears or anything else, but in strengthening the authority of the Secretary in issuing these rules and regulations. If no challenge is made within the 90 days, then the rule or regulation goes to the country, authenticated by the fact that nobody has challenged it, and this in itself would give a great deal of weight to its consideration. However, if some substantial part of an effective industry filed an application for court review within 90 days, it would soon be determined by a circuit court of appeals of the United States, and the order would either be sustained or reversed or modified. When that is done, it becomes an authoritative precedent for the rule or regulation or order throughout the United States.

I am satisfied, Mr. Speaker, that although this is new legislation in the pure food and drug line, it is actually a splendid step forward. I hope the principle of court review that has now been adopted in this pure food and drug regulation will be enacted into law with respect to other acts of Congress which deal with the orders of a great and growing bureaucracy in this country.

[Here the gavel fell.]

Mr. LEA. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Speaker, as I remarked when this bill was before the House a few days ago, I believe it substantially extends and strengthens the Pure Food and Drugs Act and will enable the Department of Agriculture under the authority here given to protect the public adequately from any situation which might conceivably arise. Insofar as it is possible to give the Department authority to foresee possible dangers and prevent such dangers from occurring, that authority is here given. The controversy that has arisen with reference to the court-review section of the bill has served to obscure many other provisions of the bill which are vital to the protection of the public. I may emphasize that the other provisions of the bill undertake to give the authority for such protection, and, in my judgment, do give it in an eminently satisfactory way. When the bill was before the House I expressed the view that the court-review provision should not be permitted to undo the other desirable provisions of the bill which are so badly needed for the protection of the public; but I am pleased to say that this provision has now been worked out so that it meets with the approval of all the interested parties. I am particularly pleased to see the court-review provision worked out so as to meet with the approval of the Department of Agriculture, which, according to my understanding, at no time raised an objection to the bills containing a court-review provision which would enable the orders of the Department to have their validity passed upon before they become effective.

I think the enactment of this piece of legislation will accomplish a great benefit to the people, and I may say on behalf of Chairman LEA and the ranking minority member, Mr. MAPES, as well as the other members of the committee, that I have never seen members of a committee work more

conscientiously than these men have worked in developing and perfecting this legislation. The primary objective of all their efforts has been to protect the consuming public and to do so insofar as possible without bringing any injury to the legitimate industry which is being affected by the legislation. As a member of the subcommittee which has developed this bill, I wish to express my greatest satisfaction that it is now about to become law.

[Here the gavel fell.]

Mr. LEA. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. CHAPMAN].

Mr. CHAPMAN. Mr. Speaker, after several years of rather arduous labor on the part of the members of the subcommittee, and for my part very pleasant association with the members of the subcommittee, in the hour of adoption of this conference report I feel like expressing my sentiments in the words of the old hymn, "This is a day I long have sought and mourned because I found it not."

This is far from a perfect bill on a subject that affects every man, woman, and child in America, because every person between the two oceans is a user of one or more of these products—foods, drugs, cosmetics, and therapeutic devices.

This bill could contain some provisions, which it does not contain, that I think would make it a better bill for the protection of the public. It has a few legislative excrescences which maybe ought not to be attached to it, but taken section by section, line by line, from beginning to end, it constitutes a vast improvement over the existing 32-year-old food and drug law, and I am glad today to join in the adoption of this conference report, signed unanimously by the House and Senate conferees.

Mr. REECE of Tennessee. Mr. Speaker, will the gentleman yield

Mr. CHAPMAN. I yield to the gentleman.

Mr. REECE of Tennessee. For 2 years I worked as a member of the subcommittee of which the distinguished gentleman from Kentucky was chairman, and I want to pay a tribute to the fine work which the gentleman from Kentucky has done toward the development of this legislation, and I wish to say I believe there is no Member of the House who has been more solicitous about getting legislation which would adequately protect the interests of the public than the gentleman from Kentucky, and no one has expended more intelligent effort in an attempt to do so. [Applause.]

Mr. CHAPMAN. Mr. Speaker, I am very grateful for the gracious sentiment expressed by the gentleman from Tennessee, and I desire also to pay tribute to the interest and activity of the gentleman in helping to perfect a good bill, and this applies also to other members of the committee.

Mr. Speaker, we have a good bill, a bill which I believe will enable the Department of Agriculture, the enforcement agency, to protect more adequately the public than has been possible under the antiquated statute which has been on the books for more than 30 years, and may I say, since the subject has been raised here, as one who joined with the distinguished gentleman from Michigan [Mr. MAPES], than whom no man has been more solicitous of the public welfare in the study and drafting of this measure—and who in ability, character, and courage ranks with the finest statesmen it has been my privilege to know—as one who joined with him in filing a minority report, let me say that if the bill reported to the House originally had contained a court-review section such as that contained in the bill we are adopting today, I am sure the gentleman from Michigan and I never would have filed that minority report.

Mr. Speaker, I am pleased to see this bill pass. I think it means a great deal for the protection of the men, women, and children of America. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Speaker, I yield myself 1 additional minute.

As chairman of the committee that has worked with this bill for the last 2 years, I would not attempt to distinguish between the service of the members of our subcommittee, but I do want to say that, without exception, they have worked with the highest purpose to try to serve the public, and I

have a great admiration for the work that has been done. I would also say, Mr. Speaker, that our differences of opinion have in the end worked to give us better legislation.

Mr. Speaker, I move the adoption of the conference report. The conference report was agreed to.

A motion to reconsider was laid on the table.

NATURAL GAS IN INTERSTATE COMMERCE

Mr. LEA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6586) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes, with Senate amendments, and consider the Senate amendments in the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The Clerk will report the first Senate amendment.

The Clerk read as follows:

Senate amendment No. 1: Page 3, strike out lines 16 to 25, inclusive, and lines 1 to 6, inclusive, on page 4.

Mr. LEA. Mr. Speaker, I offer the motion which I send to the desk.

The Clerk read as follows:

Mr. LEA moves that the House disagree to Senate amendment No. 1.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 8, line 8, after "order", insert ": *Provided, however, That the Commission shall have no power to order any increase in rates, but may order a decrease where existing rates are unjust, unduly discriminatory, preferential, otherwise unlawful, or are not the lowest reasonable rates.*"

Mr. LEA. Mr. Speaker, I offer the following motion, which I send to the desk.

The Clerk read as follows:

Mr. LEA moves that the House concur in the amendment of the Senate to section 5 (b) of the bill, on page 8, line 8, with an amendment: On page 8, line 8, in lieu of the matter inserted by the Senate amendment insert the following: "*Provided, however, That the Commission shall have no power to order any increase in any rate contained in the currently effective schedule of such natural-gas company on file with the Commission unless such increase is in accordance with a new schedule filed by such natural-gas company; but the Commission may order a decrease where existing rates are unjust, unduly discriminatory, preferential, otherwise unlawful, or are not the lowest reasonable rates.*"

The SPEAKER. The question is on agreeing to the motion offered by the gentleman from California.

Mr. LEA. Mr. Speaker, this amendment was authorized by the committee.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. LEA. Yes.

Mr. FADDIS. That amendment provides that a gas company may apply for an increase in rates by filing a schedule.

Mr. LEA. It provides that the rates shall not be made higher than the schedule asked for by the company. The purpose of the Senate amendment was to prevent any company's rates being raised over their objection, with the idea of stifling competition with a competitor. This means that the rates of the gas company will not be raised higher than their schedules.

The SPEAKER. The question is on agreeing to the motion of the gentleman from California.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 11, line 3, after "Commission", insert "In passing on applications for certificates of convenience and necessity the Commission shall give primary consideration to the applicant's ability to render services at rates lower than those prevailing in the territory to be served, it being the intention of Congress that gas shall be sold in interstate commerce for resale for ultimate public consumption for domestic, commercial, industrial, or any other use

at the lowest possible lawful rate consistent with the maintenance of adequate service in the public interest."

Mr. LEA. Mr. Speaker, I offer the following motion, which I send to the desk.

The Clerk read as follows:

Mr. LEA moves that the House concur in the amendment of the Senate to section 7 (c) of the bill on page 11, after line 3, with an amendment as follows: In lieu of the matter proposed by said amendment of the Senate insert:

"In passing on applications for certificates of convenience and necessity, the Commission shall give due consideration to the applicant's ability to render and maintain adequate service at rates lower than those prevailing in the territory to be served, it being the intention of Congress that natural gas shall be sold in interstate commerce for resale for ultimate public consumption for domestic, commercial, industrial, or any other use at the lowest possible lawful, reasonable rate consistent with the maintenance of adequate service in the public interest."

Mr. LEA. Mr. Speaker, this amendment was authorized by the Interstate and Foreign Commerce Committee.

Mr. FADDIS. Mr. Speaker, will the gentleman yield for a question?

Mr. LEA. Yes.

Mr. FADDIS. To ask the gentleman a question in that connection, Does the gentleman believe that the language of this amendment is sufficient to take care of a situation such as might arise of this character? Suppose a gas company should drill in, and new gas flowed with tremendous rock pressure and volume, then under the amendment will they be precluded from coming in and underbidding some established company that has a franchise for a borough or a city or a municipality of some kind, and would the public be amply protected from the fact that their reserves may not be sufficient to enable them to supply this vicinity for any appreciable length of time? Does the gentleman believe this amendment will protect the public against that?

Mr. LEA. This will, in addition to what the Senate amendment will require. This requires a new company to show it is capable of maintaining its rates as well as providing them immediately.

Mr. FADDIS. That is highly important in a matter of this kind.

Mr. LEA. That it requires reasonable rates instead of the lowest lawful rate.

Mr. FADDIS. Does the gentleman believe this will prevent a lot of cutthroat competition among the various companies?

Mr. LEA. We believe it will. It will carry out the purpose of the bill as it passed the House.

Mr. FADDIS. Of course, I know the gentleman is in strict accord with the principles of the administration insofar as cutthroat competition shall not be encouraged. What we have been trying to do here for the last 6 or 7 years is to prevent cutthroat competition going to the extent of destroying industry and labor engaged in industry; and the gentleman believes this is sufficient?

Mr. LEA. I believe that is sufficient.

The amendment was agreed to.

A motion to reconsider the votes whereby the several amendments were agreed to was laid on the table.

AMENDMENT OF BANKRUPTCY LAW

Mr. CHANDLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8046) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and to repeal section 76 thereof and all acts and parts of acts inconsistent therewith, with Senate amendments, and concur in the Senate amendments.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, strike out "and XIII" and insert "XIII, and XIV."

Page 3, lines 16 and 17, after "applicable", insert "and."

Page 3, line 18, strike out ", and the United States Court of Alaska."

Page 7, lines 16 and 17, strike out "bankruptcy as hereinbefore defined are hereby" and insert "the United States hereinbefore defined as courts of bankruptcy are hereby created courts of bankruptcy and are hereby."

Page 7, lines 19 and 20, strike out ", in equity, and in admiralty" and insert "and in equity."

Page 12, line 3, strike out all after "arrangement" down to and including "of" in line 5 and insert "or a plan under."

Page 16, line 9, strike out "of" where it occurs the first time, and insert "or."

Page 19, line 12, strike out "jurisdiction" and insert "State."

Page 25, line 2, strike out "bankrupt;" and insert "bankrupt."

Page 27, lines 24 and 25, strike out "or the United States attorney" and insert "the United States attorney, or such other attorney as the Attorney General may designate."

Page 29, line 13, after "pending", insert "or such other attorney as the Attorney General may designate."

Page 30, strike out lines 12 to 15, inclusive, and insert "a. A discharge in bankruptcy shall release a bankrupt from all of his provable debts, whether allowable in full or in part, except such as (1) are due as a tax levied by the United States, or any State, county, district, or municipality."

Page 30, line 16, after "obtaining", insert "money or."

Page 39, strike out lines 23, 24, and 25, and lines 1 to 20, inclusive, on page 40, and insert:

"a. The Circuit Courts of Appeals of the United States and the United States Court of Appeals for the District of Columbia, in vacation, in chambers, and during their respective terms, as now or as they may be hereafter held, are hereby invested with appellate jurisdiction from the several courts of bankruptcy in their respective jurisdictions in proceedings in bankruptcy, either interlocutory or final, and in controversies arising in proceedings in bankruptcy, to review, affirm, reverse, or reverse, both in matters of law and in matters of fact: *Provided, however*, That the jurisdiction upon appeal from a judgment on a verdict rendered by a jury, shall extend to matters of law only: *Provided further*, That when any order, decree, or judgment involves less than \$500, an appeal therefrom may be taken only upon allowance of the appellate court."

Page 40, line 22, strike out all after "appeal" down to and including "right" in line 11, page 41.

Page 41, line 13, strike out "appellate jurisdiction from" and insert "jurisdiction to review judgments, decrees, and orders of."

Page 41, line 21, strike out "of" where it occurs the second time and insert "for."

Page 41, line 22, strike out "twenty" and insert "thirty."

Page 45, line 22, after "offense" insert "": *Provided*, That the offense of concealment of assets of a bankrupt shall be deemed to be a continuing offense until the bankrupt shall have been finally discharged, and the period of limitations herein provided shall not begin to run until such final discharge."

Page 50, line 25, strike out "thereof," and insert "thereof."

Page 51, line 1, strike out "them," and insert "them."

Page 52, line 23, strike out all after "any," down to and including "jurisdiction" in line 11, page 53, and insert: "to be paid in full. Referees in ancillary proceedings shall receive as full compensation for their services, payable after they are rendered, a fee of \$15 deposited in each case with the clerk of the ancillary court at the time the ancillary proceeding is instituted, and 1 percent commission on all moneys disbursed in the ancillary proceeding to lien creditors, as well as on all moneys transmitted and on the fair value of all property turned over in kind by the court of the ancillary jurisdiction to the court of primary jurisdiction. The judge may, however, by standing rule or otherwise, fix a lower rate of compensation, so that no referee shall receive excessive compensation during his term of office, and, in any case of an extension, the judge may prescribe terms and conditions for the payment of the referee's compensation."

Page 54, line 9, strike out ", and" and insert "or."

Page 63, line 24, strike out "confirmation" and insert "consummation."

Page 64, line 6, strike out "confirmation" and insert "consummation."

Page 68, line 21, after "VIII," insert "IX."

Page 71, line 22, strike out all after "however," down to and including "further," in line 6, page 72.

Page 72, line 6, after "unliquidated" insert "or contingent."

Page 72, line 7, after "liquidated" insert "or the amount thereof estimated."

Page 72, line 10, strike out "or that its liquidation" and insert "or of reasonable estimation or that such liquidation or estimation."

Page 72, line 18, strike out "seems" and insert "seem."

Page 74, line 25, strike out "in" where it occurs the first time and insert "and filed in the."

Page 75, line 3, after "That" insert "the court may, upon application before the expiration of such period and for cause shown, grant a reasonable fixed extension of time for the filing of claims by the United States or any State or subdivision thereof: *Provided further*, That,"

Page 81, line 9, strike out "his bankruptcy, the" and insert "the filing by or against him of the petition in bankruptcy, or of the original petition under chapter X, XI, XII, or XIII of this act, the."

Page 81, line 18, strike out "bankruptcy" and insert "the filing of the petition in bankruptcy or of the original petition under chapter X, XI, XII, or XIII of this act."

Page 81, line 21, strike out "voided" and insert "avoided."

Page 84, line 21, strike out "(a)" and insert "a."

Page 85, line 16, after "were," insert "more than 4 months before bankruptcy or."

Page 86, line 14, after "stockbroker," insert "more than 4 months before his bankruptcy or."

Page 85, line 17, after "stockbroker," insert "more than 4 months before his bankruptcy or."

Page 86, strike out lines 24 and 25, and lines 1 to 8, inclusive, on page 87, and insert "of receivers and trustees, and shall require from each such banking institution a good and sufficient bond with surety, to secure the prompt repayment of the deposit. Said judges may, in accordance with the provisions of, and the authority conferred in section 1126 of the Revenue Act of 1926, as amended (U. S. C., title 6, sec. 15), accept the deposit of the securities therein designated, in lieu of a surety or sureties upon such bond and may, from time to time as occasion may require, by like order increase or decrease the number of depositories or the amount of any bond or other security or change such depositories: *Provided*, That no security in the form of a bond or otherwise shall be required in the case of such part of the deposits as are insured under section 12 B of the Federal Reserve Act, as amended: *And provided further*, That depository banks shall place such securities, accepted for deposit in lieu of a surety or sureties upon depository bonds, in the custody of Federal Reserve banks or branches thereof designated by the judges of the several courts of bankruptcy, subject to the orders of such judges. All national banking associations designated as depositories, pursuant to the provisions of this section of this act, are authorized to give such security as may be required. All pledges of securities heretofore made for the purposes herein named are hereby ratified, validated and approved."

Page 87, line 11, strike out "(1)" and insert "a."

Page 87, line 18, strike out "(2)" and insert "b."

Page 87, line 19, after "the" insert "prosecution of proceedings and the."

Page 88, line 4, strike out "(3)" and insert "c."

Page 88, line 16, strike out "(4)" and insert "d."

Page 90, line 4, strike out "as."

Page 90, lines 4 and 5, strike out "for injury", and insert "from injury, if such injury occurred."

Page 90, line 13, strike out "by the receiver or trustee."

Page 91, line 11, strike out all after "the" where it occurs the second time, down to and including "bankruptcy" in line 15, and insert "rejection of an executory contract or unexpired lease, as provided in this act, shall constitute a breach of such contract or lease as of the date of the filing of the petition in bankruptcy, or of the original petition under chapter X, XI, XII, or XIII of this act."

Page 91, strike out lines 16 to 22, inclusive, and insert:

"d. Where any contingent or unliquidated claim has been proved, but, as provided in subdivision d of section 57 of this act, has not been allowed, such claim shall not be deemed provable under this act."

Page 96, line 17, strike out "before the filing."

Page 96, line 18, strike out "proposing an arrangement or plan."

Page 96, line 19, after "under" insert "chapter X, XI, XII, or XIII of."

Page 97, lines 9 and 10, strike out "proposing an arrangement or plan."

Page 97, line 10, after "under", insert "chapter X, XI, XII, or XIII of."

Page 97, line 17, strike out "of a person."

Page 99, line 13, strike out "four months prior to his bankruptcy" and insert "four months prior to the filing of the petition in bankruptcy or of the original petition under chapter X, XI, XII, or XIII of this act, by or against him."

Page 99, line 21, strike out all after "c." down to and including "including" in line 22, and insert "Where not enforced by sale before the filing of a petition in bankruptcy or of an original petition under chapter X, XI, XII, or XIII of this act, though valid under subdivision b of this section, statutory liens, including."

Page 101, line 5, strike out all after "(2)" down to and including "is" in line 6, and insert "Every transfer made and every obligation incurred by a debtor within 4 months prior to the filing of a petition in bankruptcy or of an original petition under chapter X, XI, XII, or XIII of this act by or against him is."

Page 102, line 1, strike out all after "(3)" down to and including "bankruptcy" in line 2, and insert "Every transfer made and every obligation incurred by a debtor with 4 months prior to the filing of a petition in bankruptcy or of an original petition under chapter X, XI, XII, or XIII of this act by or against him."

Page 102, line 11, strike out all after "(4)" down to and including "is" in line 13, and insert "Every transfer of partnership property and every partnership obligation incurred within 1 year prior to the filing of a petition in bankruptcy or of an original petition under chapter XI or XII of this act by or against the partnership, when the partnership is."

Page 103, line 1, strike out all after "is" down to and including "bankruptcy" in line 3, and insert "not so perfected prior to the filing of the petition in bankruptcy or of the original petition under chapter XI or XII of this act, it shall be deemed to have been made immediately before the filing of such petition."

Page 109, line 17, strike out "executory contract" and insert "contract or lease."

Page 114, lines 5 and 6, strike out "bankruptcy proceeding was instituted" and insert "property to be sold is situated."

Page 114, line 18, strike out all after "plan" down to and including "plan" in line 21, and insert "or at such later time as may be provided by the arrangement or plan, or in the order confirming the arrangement or plan, the title to the property dealt with shall revert in the bankrupt or debtor, or vest in such other person as may be provided by the arrangement or plan or in the order confirming the arrangement or plan."

Page 115, strike out lines 20, 21, and 22 and insert:

"Sec. 102. The provisions of chapters I to VII, inclusive, of this act shall, insofar as they are not inconsistent or in conflict with the provisions of this chapter, apply in proceedings under this chapter: *Provided, however,* That section 23, subdivisions h and n of section 57, section 64, and subdivision f of section 70, shall not apply in such proceedings unless an order shall be entered directing that bankruptcy be proceeded with pursuant to the provisions of chapters I to VII, inclusive. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors', and 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this chapter. For the purposes of such application the date of the filing of the petition in bankruptcy shall be taken to be the date of the filing of an original petition under section 128 of this act, and the date of adjudication shall be taken to be the date of approval of a petition filed under section 127 or 128 of this act except where an adjudication had previously been entered."

Page 118, line 17, strike out "judicial."

Page 119, line 16, after "debtor", insert "except contracts in the public authority."

Page 120, line 3, strike out "trustee or" and insert "receiver or a trustee or a."

Page 126, line 7, after "section", insert "136 or."

Page 126, line 11, after "143", insert "or 144."

Page 127, line 11, strike out "judicial."

Page 127, line 21, strike out "trustees who" and insert "trustees. Any trustee appointed under this chapter."

Page 128, line 2, after "possession", insert "In any case where a trustee is appointed the judge may, for the purposes specified in section 189 of this act, appoint as an additional trustee a person who is a director, officer, or employee of the debtor."

Page 129, line 6, strike out "nay."

Page 129, line 7, after "shown", insert "nay."

Page 129, lines 7 and 8, strike out "trustees, or may" and insert "trustees or."

Page 130, line 17, after "claims", insert "and securities."

Page 132, line 1, strike out "Shall forthwith, under the control of the judge" and insert "shall, if the judge shall so direct, forthwith."

Page 132, lines 7 and 8, strike out "at such hearing or hearings as the judge may direct" and insert "if the judge shall so direct."

Page 134, line 4, strike out "judge; and" and insert "judge."

Page 134, line 5, strike out "the" and insert "The."

Page 134, lines 5 and 6, strike out "any such plan" and insert "such plans."

Page 134, line 22, strike out "Investigation, examination," and insert "examination."

Page 135, line 20, strike out "trustee," and insert "trustee."

Page 136, line 19, after "shall", insert ", without the consent of the court."

Page 136, line 18, after "invalid" insert ", unless such consent of the court has been so obtained."

Page 137, after line 6, insert:

"Sec. 178. In case a debtor is a public utility corporation, wholly intrastate, subject to the jurisdiction of a State commission having regulatory jurisdiction over such debtor, a plan shall not be approved, as provided in section 174 of this act, unless such State commission shall have first certified its approval of such plan as to the public interest therein and the fairness thereof. Upon its failure to certify its approval or disapproval within 30 days, or such further time as the court may prescribe, after the submission of the plan to it, as provided in section 177 of this act, the public interest shall, for the purposes of such approval and of the confirmation of the plan, not be deemed to be affected by the plan."

Page 137, line 7, strike out "178" and insert "179."

Page 138, line 1, strike out "179" and insert "180."

Page 138, line 5, after "title" insert ", rights."

Page 138, line 8, strike out "the title of" and insert "such title as."

Page 138, line 9, after "Act" insert "would have."

Page 138, line 12, after "the" where it occurs the first time, insert "same."

Page 138, line 12, after "the" where it occurs the second time, insert "same."

Page 138, line 13, after "the" insert "same."

Page 138, line 13, strike out "of" and insert "as."

Page 139, line 5, after "management" insert "shall file."

Page 139, line 6, strike out "shall be filed."

Page 139, line 21, strike out "a rate" and insert "rates."

Page 141, line 3, strike out "of America."

Page 142, line 10, strike out "direction" and insert "provisions of a plan or to the permission."

Page 143, line 14, after "which" insert ", as provided in the plan or final decree."

Page 143, line 18, strike out all after "securities" down to and including "plan" in line 19, and insert "After such time no such claim or stock shall participate in the distribution under the plan."

Page 144, line 4, after "chapter," insert "The judge may, for cause shown, permit a labor union or employees' association, representative of employees of the debtor, to be heard on the economic soundness of the plan affecting the interests of the employees."

Page 144, strike out lines 12 to 19, inclusive, and insert:

"Sec. 208. The Securities and Exchange Commission shall, if requested by the judge, and may, upon its own motion if approved by the judge, file a notice of its appearance in a proceeding under this chapter. Upon the filing of such a notice, the Commission shall be deemed to be a party in interest, with the right to be heard on all matters arising in such proceeding, and shall be deemed to have intervened in respect of all matters in such proceeding with the same force and effect as if a petition for that purpose had been allowed by the judge; but the Commission may not appeal or file any petition for appeal in any such proceeding."

Page 147, line 14, after "contract", insert "except contracts in the public authority."

Page 148, line 20, strike out "will" and insert "will."

Page 149, line 11, strike out "include" and insert "include:".

Page 150, after line 9, insert:

"(12) shall provide for the inclusion in the charter of the debtor, or any corporation organized or to be organized for the purpose of carrying out the plan, of—

"(a) provisions prohibiting the debtor or such corporation from issuing nonvoting stock, and providing, as to the several classes of securities of the debtor or of such corporation possessing voting power, for the fair and equitable distribution of such power among such classes, including, in the case of any class of stock having a preference over other stock with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends; and

"(b) (1) provisions which are fair and equitable and in accordance with sound business and accounting practice, with respect to the terms, position, rights, and privileges of the several classes of securities of the debtor or of such corporation, including, without limiting the generality of the foregoing, provisions with respect to the issuance, acquisition, purchase, retirement, or redemption of any such securities, and the declaration and payment of dividends thereon; and (2) in the case of a debtor whose indebtedness, liquidated as to amount and not contingent as to liability, is \$250,000 or over, provisions with respect to the making, not less than once annually, of periodic reports to security holders which shall include profit and loss statements and balance sheets prepared in accordance with sound business and accounting practice."

Page 150, strike out lines 10, 11, and 12, and insert:

"(13) may include provisions for the settlement or adjustment of claims belonging to the debtor or to the estate; and shall provide, as to such claims not settled or adjusted in the plan, for their retention and enforcement by the trustee or, if the debtor has been continued in possession, by an examiner appointed for that purpose; and

Page 150, line 13, strike out "(13)" and insert "(14)."

Page 150, line 19, strike out "articles VII and" and insert "article VII, section 199, and article."

Page 151, line 21, strike out "its" and insert "his."

Page 151, line 25, strike out "of article VII of this chapter."

Page 152, line 4, after "in" where it occurs the first time insert "article VII of."

Page 152, line 20, after "allowed" insert "or are allowable."

Page 154, line 21, after "transfer" insert "or retention."

Page 154, line 22, after "trustee" insert ", if any."

Page 155, lines 23 and 24, strike out "not filed in a pending bankruptcy proceeding" and insert: "filed under section 128 of this act."

Page 156, line 5, strike out all after "(1)" down to and including "proceeding" where it occurs the first time in line 10, and insert "where the petition was filed under section 127 of this act, the bankruptcy proceeding shall be deemed reinstated and shall thereafter be conducted, so far as possible, as if the petition under this chapter had not been filed; or where the petition was filed under section 128 of this act."

Page 157, line 22, strike out "court" and insert "judge."

Page 158, line 4, after "interest" insert "except the Securities and Exchange Commission."

Page 158, line 5, after "foregoing" insert "except the Securities and Exchange Commission."

Page 158, lines 19 and 20, strike out "In a pending bankruptcy proceeding" and insert "under section 127 of this act."

Page 158, line 23, strike out "such" and insert "the pending."

Page 159, line 15, strike out all after "246" down to and including "proceeding" in line 18, and insert "Upon the dismissal of a proceeding under this chapter, or the entry of an order adjudging the debtor a bankrupt, the judge may allow reasonable compensation for services rendered and reimbursement for proper costs and expenses incurred in such proceeding prior to such dismissal or order of adjudication."

Page 161, strike out lines 1 to 12, inclusive, and insert:

"Sec. 249. Any person seeking compensation for services rendered or reimbursement for costs and expenses incurred in a

proceeding under this chapter shall file with the court a statement under oath showing the claims against, or stock of, the debtor, if any, in which a beneficial interest, direct or indirect, has been acquired or transferred by him or for his account, after the commencement of such proceeding. No compensation or reimbursement shall be allowed to any committee or attorney, or other person acting in the proceedings in a representative or fiduciary capacity, who at any time after assuming to act in such capacity has purchased or sold such claims or stock, or by whom or for whose account such claims or stock have, without the prior consent or subsequent approval of the judge, been otherwise acquired or transferred.

Page 161, line 13, after "Appeals" insert "may be taken."

Page 161, line 15, after "reimbursement" insert ", and."

Page 161, line 22, after "prior" insert "mortgage foreclosure, equity, or other."

Page 162, strike out lines 3 to 11, inclusive, and insert:

"Sec. 257. The trustee appointed under this chapter, upon his qualification, or if a debtor is continued in possession, the debtor, shall become vested with the rights, if any, of such prior receiver or trustee in such property and with the right to the immediate possession thereof. The trustee or debtor in possession shall also have the right to immediate possession of all property of the debtor in the possession of a trustee under a trust deed or a mortgagee under a mortgage."

Page 163, line 4, strike out "limitations" and insert "limitation."

Page 163, line 18, after "264," insert "a."

Page 164, line 10, before "As" insert "b."

Page 164, line 15, strike out "(1)" and insert "a."

Page 164, line 18, after "chapter" insert: "Any notice which this chapter requires to be given to the Securities and Exchange Commission shall be deemed to have been sufficiently given if it is given by registered first-class mail, postage prepaid, addressed to the Securities and Exchange Commission at Washington, D. C., or at such other place as the Securities and Exchange Commission shall designate by written notice filed in the proceeding and served upon the parties thereto."

Page 164, line 21, strike out "(a)" and insert "(1)."

Page 164, line 22, strike out "(b)" and insert "(2)."

Page 164, line 22, strike out "(c)" and insert "(3)."

Page 164, line 23, strike out "(d)" and insert "(4)."

Page 164, line 24, strike out "(e)" and insert "(5)."

Page 165, line 3, strike out "(f)" and insert "(6)."

Page 165, line 4, strike out "(g)" and insert "(7)."

Page 165, line 6, strike out "(h)" and insert "(8)."

Page 165, line 8, strike out "(i)" and insert "(9)."

Page 165, line 10, strike out "(j)" and insert "(10)."

Page 165, line 11, strike out "(k)" and insert "(11)."

Page 165, line 12, strike out "(l)" and insert "(12)."

Page 165, lines 17 and 18, strike out "by the clerk."

Page 165, line 19, strike out "(2)" and insert "b."

Page 166, line 2, after "clerk," insert "and, in the case of a reference, the referee, after such reference."

Page 166, line 20, strike out "No" and insert "Except as provided in section 270 of this act, no."

Page 166, line 22, strike out "be deemed."

Page 166, line 23, strike out "under this chapter."

Page 166, line 23, strike out "debtor," and insert "debtor in a proceeding under this chapter be deemed."

Page 167, lines 2 and 3, strike out "liquidation" and insert "cancellation."

Page 167, line 4, strike out "plan consummated" and insert "proceeding."

Page 167, after line 13, insert:

"Sec. 270. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income-tax return, has been canceled or reduced in a proceeding under this chapter. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

Page 167, line 14, strike out "270" and insert "271."

Page 168, line 3, strike out "271" and insert "272."

Page 168, line 17, strike out "(1)" and insert "a."

Page 168, line 23, strike out "(2)" and insert "b."

Page 169, line 5, strike out "(3)" and insert "c."

Page 169, line 12, strike out "(a)" and insert "(1)."

Page 169, line 16, strike out "(b)" and insert "(2)."

Page 169, line 21, strike out "(c)" and insert "(3)."

Page 169, line 21, strike out "section 268" and insert "sections 268 and 270."

Page 170, strike out lines 12, 13, and 14 and insert:

"Sec. 302. The provisions of chapters I to VII, inclusive, of this act shall, insofar as they are not inconsistent with or in conflict with the provisions of this chapter, apply in proceedings under this chapter. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors,' and 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall

be deemed to include proceedings under this chapter. For the purposes of such application the date of the filing of the petition in bankruptcy shall be taken to be the date of the filing of an original petition under section 322 of this act, and the date of adjudication shall be taken to be the date of the filing of the petition under section 321 or 322 of this act except where an adjudication had previously been entered.

Page 171, line 17, after "debts", insert "or 'claims.'"

Page 173, line 19, strike out "which" and insert "which,".

Page 175, line 19, strike out "any," and insert "any".

Page 180, line 3, after "management", insert "shall file."

Page 180, line 4, strike out "shall be filed."

Page 180, line 17, strike out "shall" and insert "may."

Page 181, after line 8, insert:

"Sec. 353. In case an executory contract shall be rejected pursuant to the provisions of an arrangement or to the permission of the court given in a proceeding under this chapter, or shall have been rejected by a trustee or a receiver in bankruptcy or receiver in equity in a prior pending proceeding, any person injured by such rejection shall, for the purposes of this chapter and of the arrangement, its acceptance and confirmation, be deemed a creditor. The claim of the landlord for injury resulting from the rejection of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease shall be provable, but shall be limited to an amount not to exceed the rent, without acceleration, reserved by such lease for the 3 years next succeeding the date of the surrender of the premises to the landlord or the date of reentry of the landlord, whichever first occurs, whether before or after the filing of the petition, plus unpaid accrued rent, without acceleration, up to the date of surrender or reentry: *Provided*, That the court shall scrutinize the circumstances of an assignment of a future rent claim and the amount of the consideration paid for such assignment in determining the amount of damages allowed the assignee thereof."

Page 181, line 9, strike out "353" and insert "354."

Page 181, line 17, strike out "354" and insert "355."

Page 181, line 21, strike out "353" and insert "354."

Page 183, lines 6 and 7, strike out "the confirmation of the arrangement and until its provisions" and insert "provisions of the arrangement, after its confirmation."

Page 185 line 25, after "allowed", insert "and are allowable."

Page 186, line 7, strike out "353" and insert "354."

Page 187, line 13, strike out "353" and insert "354."

Page 190, line 9, strike out "arrangements:" and insert "arrangements."

Page 192, line 7, after "393", insert "a."

Page 192, line 23, before "As", insert "b."

Page 194, strike out lines 5 to 22, inclusive, and insert:

"Sec. 395. Except as provided in section 396 of this act, no income or profit, taxable under any law of the United States or of any State now in force or which may hereafter be enacted, shall, in respect to the adjustment of the indebtedness of a debtor in a proceeding under this chapter, be deemed to have accrued to or to have been realized by a debtor or a corporation organized or made use of for effectuating an arrangement under this chapter by reason of a modification in or cancellation in whole or in part of any such indebtedness in a proceeding under this chapter: *Provided, however*, That if it shall be made to appear that the arrangement had for one of its principal purposes the evasion of any income tax, the exemption provided by this section shall be disallowed."

"Sec. 396. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income-tax return, has been canceled or reduced in a proceeding under this chapter. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

Page 196, line 4, strike out "section" and insert "sections 395 and."

Page 196, strike out lines 15, 16, and 17, and insert:

"Sec. 402. The provisions of chapters I to VII, inclusive, of this act shall, insofar as they are not inconsistent or in conflict with the provisions of this chapter, apply to proceedings under this chapter: *Provided, however*, That subdivision n of section 57 shall not apply in such proceedings unless an order shall be entered directing that bankruptcy be proceeded with pursuant to the provisions of chapters I to VII, inclusive. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors', and 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this chapter. For the purposes of such application the date of the filing of the petition in bankruptcy shall be taken to be the date of the filing of an original petition under section 422 of this act, and the date of adjudication shall be taken to be the date of the filing of the petition under section 421 or 422 of this act."

Page 196, line 21, strike out "arrangements" and insert "arrangement."

Page 196, lines 21 and 22, strike out "altering or modifying" and insert "which has for its primary purpose the alteration or modification of."

Page 205, line 15, strike out "or of any State."

Page 206, line 15, after "management" insert "shall file."

Page 206, line 15, strike out "shall be filed."

Page 207, line 6, strike out all after "court" down to and including "controversy" in line 8.

Page 207, strike out lines 9, 10, and 11, and insert:

"SEC. 452. For the purposes of the arrangement and its acceptance, the court may fix the division of creditors into classes according to the nature of their respective claims, and, in the event of controversy, the court shall after hearing upon notice summarily determine the controversy."

Page 207, line 17, strike out "designate" and insert "designate,".

Page 207, lines 22 and 23, strike out "where such holders" and insert "who."

Page 208, line 15, after "court" insert: "Provided, That if the Secretary of the Treasury shall fail to accept or reject an arrangement for more than 60 days after receipt of written notice so to do from the court to which the arrangement has been proposed, accompanied by a certified copy of the arrangement, his consent shall be conclusively presumed."

Page 209, after line 11, insert:

"SEC. 458. In case an executory contract shall be rejected pursuant to the provisions of an arrangement or to the permission of the court given in a proceeding under this chapter, or shall have been rejected by a receiver in bankruptcy or receiver in equity in a prior pending proceeding, any person injured by such rejection shall, for the purposes of this chapter and of the arrangement, its acceptance and confirmation, be deemed a creditor. The claim of the landlord for injury resulting from the rejection of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease shall be provable, but shall be limited to an amount not to exceed the rent, without acceleration, reserved by such lease for the 3 years next succeeding the date of the surrender of the premises to the landlord or the date of reentry of the landlord, whichever first occurs, whether before or after the filing of the petition, plus unpaid accrued rent, without acceleration, up to the date of surrender or reentry: *Provided*, That the court shall scrutinize the circumstances of an assignment of a future rent claim and the amount of the consideration paid for such assignment in determining the amount of damages allowed the assignee thereof."

Page 209, line 12, strike out "458" and insert "459."

Page 210, line 20, strike out "court" and insert "judge."

Page 211, line 17, strike out "include" and insert "include:".

Page 213, strike out lines 9 to 13, inclusive, and insert:

"(1) It has been accepted in writing by the creditors of each class, holding two-thirds in amount of the debts of such class affected by the arrangement proved and allowed before the conclusion of the meeting, or before such other time as may be fixed by the court, exclusive of creditors or of any class of them who are not affected by the arrangement or for whom payment or protection has been provided as prescribed in paragraph (11) of section 461 of this act; and."

Page 215, line 13, after "allowed", insert "and are allowable."

Page 220, strike out "g", following the word "subdivision" in lines 21 and 22, and insert "f."

Page 221, line 11, after "chapter", insert "or the entry of an order adjudging the debtor a bankrupt."

Page 221, line 13, after "proceeding", insert "prior to such dismissal or order of adjudication."

Page 222, line 15, after "Appeals", insert "may be taken."

Page 222, line 17, after "reimbursement", insert ", and."

Page 222, line 24, after "prior", insert "mortgage foreclosure, equity, or other."

Page 223, strike out lines 4 and 5 and insert:

"SEC. 507. Such prior proceeding shall be stayed by the filing of a petition under this chapter. The trustee appointed under this chapter, upon his qualification, or, if a debtor is continued in possession, the debtor shall become vested with the rights, if any of such prior receiver or trustee in such property and with the right to the immediate possession thereof. The trustee or debtor in possession shall also have the right to immediate possession of all real property and chattels real of the debtor in the possession of a trustee under a trust deed or a mortgagee under a mortgage."

Page 223, line 12, strike out "preceeding" and insert "proceeding."

Page 223, line 22, strike out "arrangements:" and insert "arrangements."

Page 225, line 18, after "thereto", insert "; nor shall its provisions be deemed to allow extension or impairment of any secured obligation held by Home Owners' Loan Corporation or by any Federal home-loan bank or member thereof."

Page 225, line 19, after "518" insert "a."

Page 226, line 11, before "As", insert "b."

Page 227, strike out lines 21 to 25, inclusive.

Page 228, line 1, strike out "521" and insert "520."

Page 228, line 1, strike out "No" and insert "Except as provided in section 522 of this act, no."

Page 228, line 3, strike out "be deemed."

Page 228, line 4, strike out "under this chapter."

Page 228, line 4, strike out "debtor," and insert "debtor in a proceeding under this chapter, be deemed."

Page 228, line 9, strike out "liquidation" and insert "cancellation."

Page 228, line 12, strike out "522" and insert "521."

Page 228, line 13, strike out "avoidance" and insert "evasion."

Page 228, after line 21, insert:

"SEC. 522. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income-tax return, has been canceled or reduced in a proceeding under this chapter. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

Page 229, line 11, strike out "plan" and insert "arrangement."

Page 230, line 9, strike out "section 521" and insert "sections 520 and 522."

Page 230, line 14, strike out "521" and insert "520."

Page 230, line 20, strike out "522" and insert "521."

Page 231, strike out lines 1, 2, and 3, and insert:

"SEC. 602. The provisions of chapters I to VII, inclusive, of this act shall, insofar as they are not inconsistent or in conflict with the provisions of this chapter, apply in proceedings under this chapter: *Provided, however*, That subsection 1 of section 70 shall not apply in such proceedings unless an order shall be entered directing that bankruptcy be proceeded with pursuant to the provisions of chapters I to VII, inclusive. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors,' and 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this chapter. For the purposes of such application the date of the filing of the petition in bankruptcy shall be taken to be the date of the filing of an original petition under section 622 of this act, and the date of adjudication shall be taken to be the date of the filing of the petition under section 621 or 622 of this act except where an adjudication had previously been entered."

Page 231, lines 14 and 15, strike out "by or against whom" and insert "who filed."

Page 231, line 15, strike out "has been filed."

Page 232, lines 2 and 3, strike out "not exceeding" and insert "which, when added to all his other income, does not exceed."

Page 238, after line 6, insert:

"SEC. 642. In case an executory contract shall be rejected pursuant to the provisions of a plan or to the permission of the court given in a proceeding under this chapter, or shall have been rejected by a trustee or receiver in bankruptcy in a prior pending proceeding, any person injured by such rejection shall, for the purpose of this chapter and of the plan, its acceptance and confirmation, be deemed a creditor. The claim of the landlord for injury resulting from the rejection of an unexpired lease of real estate or for damages or indemnity under a covenant contained in such lease shall be provable, but shall be limited to an amount not to exceed the rent, without acceleration, reserved by such lease for the year next succeeding the date of the surrender of the premises to the landlord or the date of reentry of the landlord, whichever first occurs, whether before or after the filing of the petition, plus unpaid or accrued rent, without acceleration, up to the date of surrender or reentry: *Provided*, That the court shall scrutinize the circumstances of an assignment of a future rent claim and the amount of the consideration paid for such assignment in determining the amount of damages allowed the assignee thereof."

Page 238, line 7, strike out "642" and insert "643."

Page 238, line 15, strike out "643" and insert "644."

Page 238, line 19, strike out "642" and insert "643."

Page 239, line 4, strike out "generally" and insert "generally."

Page 241, line 12, after "accepted," insert: "the alterations or modifications and the plans so altered or modified, unless the previous acceptance provides otherwise."

Page 241, line 17, after "256", insert "(a)."

Page 242, after line 3, insert: "(b) Before confirming any such plan the court shall require proof from each creditor filing a claim that such claim is free from usury as defined by the laws of the place where the debt was contracted."

Page 242, line 8, after "allowed", insert "or are allowable."

Page 244, line 2, strike out "642" and insert "643."

Page 244, line 13, strike out "642" and insert "643."

Page 244, line 19, after "661" insert "of this act."

Page 248, line 16, strike out "521 and 522" and insert "621 and 622."

Page 249, line 15, strike out "be deemed."

Page 249, line 16, strike out "under this chapter."

Page 249, line 17, strike out "debtor," and insert "debtor in a proceeding under this chapter, be deemed."

Page 249, line 18, strike out "liquidation" and insert "cancellation."

Page 249, line 19, strike out "plan consummated" and insert "proceeding."

Page 249, line 20, strike out ", except that" and insert ": *Provided, however*, That."

Page 249, lines 21 and 22, strike out "avoidance of income taxes" and insert "evasion of any income tax."

Page 249, line 23, strike out "may" and insert "shall."
 Page 250, line 16, strike out "dates" and insert "date."
 Page 251, after line 9, insert:

"CHAPTER XIV—MARITIME COMMISSION LIENS

"Sec. 701. Notwithstanding any provision of law, in any proceeding in a bankruptcy, equity, or admiralty court of the United States in which a receiver or trustee may be appointed for any corporation engaged in the operation of one or more vessels of United States registry between the United States and any foreign country, upon which the United States holds mortgages, the court upon finding that it will inure to the advantage of the estate and the parties in interest and that it will tend to further the purposes of the Merchant Marine Act, 1936, may constitute and appoint the United States Maritime Commission as sole trustee or receiver, subject to the directions and orders of the court, and in any such proceeding the appointment of any person other than the Commission as trustee or receiver shall become effective upon the ratification thereof by the Commission without a hearing, unless the Commission shall deem a hearing necessary. In no such proceeding shall the Commission be constituted as trustee or receiver without its express consent.

"Sec. 702. If the court, in any such proceeding, is unwilling to permit the trustee or receiver to operate such vessels in such service pending the termination of such proceeding, without financial aid from the Government, and the Commission certifies to the court that the continued operation of such vessels is, in the opinion of the Commission, essential to the foreign commerce of the United States and is reasonably calculated to carry out the purposes and policy of the Merchant Marine Act, 1936, as amended, the court may permit the Commission to operate the vessels subject to the orders of the court and upon terms decreed by the court sufficient to protect all the parties in interest, for the account of the trustee or receiver, directly or through a managing agent or operator employed by the Commission, if the Commission undertakes to pay all operating losses resulting from such operation, and comply with the terms imposed by the court, and such vessel shall be considered to be a vessel of the United States within the meaning of the Suits in Admiralty Act. The Commission shall have no claim against the corporation, its estate, or its assets for the amount of such payments, but the Commission may pay such sums for depreciation as it deems reasonable and such other sums as the court may deem just. The payment of such sums, and compliance with other terms duly imposed by the court, together with the payment of the operating losses, shall be in satisfaction of all claims against the Commission on account of the operation of such vessels.

"Sec. 703. No injunction powers vested in the courts of bankruptcy under the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, and acts amendatory thereof and supplementary thereto, shall be construed or be deemed to affect or apply to the United States as a creditor under a preferred ship mortgage, as defined in the Ship Mortgage Act, 1920, as amended, unless the Commission files with the court a written waiver of the provisions of this section."

Page 251, after line 9, insert:

"Sec. 2. (a) Any farmer who filed a petition under section 75 of the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, as amended, and in whose case a bankruptcy court has, under subsection (s) thereof, granted a stay of proceedings may, if the period for which such stay was granted has expired or is about to expire, make application to such court for an extension of such stay. If the court finds that such farmer has substantially complied with the provisions of paragraph (2) of subsection (s) of section 75 of such act, as amended, during the period of such stay, the court may extend the period of such stay to November 1, 1939."

Page 251, after line 9, insert:

"(b) The second sentence of subsection (b) of section 75 of such act, as amended, is amended to read as follows: 'The conciliation commissioner shall receive as compensation for his services a fee of \$25 for each case submitted to him, to be paid out of the Treasury when the conciliation commissioner completes the duties assigned to him by the court.'"

Page 251, after line 9, insert:

"Sec. 3. (a) The act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, as amended by the act of August 16, 1937 (50 Stat. 653), is hereby further amended by striking out the heading 'Chapter X' before section 81 of said act and inserting in lieu thereof 'Chapter IX.'"

Page 251, after line 9, insert:

"(b) Section 83 of such chapter IX is amended by adding at the end thereof the following new subsection:

"(j) The partial completion or execution of any plan of composition as outlined in any petition filed under the terms of this act by the exchange of new evidences of indebtedness under the plan for evidences of indebtedness covered by the plan, whether such partial completion or execution of such plan of composition occurred before or after the filing of said petition, shall not be construed as limiting or prohibiting the effect of this act, and the written consent of the holders of any securities outstanding as the result of any such partial completion or execution of any plan of composition shall be included as consenting creditors to

such plan of composition in determining the percentage of securities affected by such plan of composition."

Page 251, line 10, strike out "2" and insert "4."

Page 251, line 14, strike out "4" and insert "6."

Page 251, line 17, strike out "3" and insert "5."

Page 252, line 4, strike out "4" and insert "6."

Page 252, line 16, strike out "5" and insert "7."

Mr. MICHENER (interrupting the reading of the amendments). Mr. Speaker, these amendments can be explained by the gentleman from Tennessee. They are technical, they are long. I ask unanimous consent that the further reading of the amendments be dispensed with but that they be printed in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. CHANDLER. Mr. Speaker, this bill was passed by the House last August, and when it reached the Senate, a subcommittee of the Senate Judiciary Committee was appointed to give it thorough study. Under the leadership of the distinguished Senator from Wyoming [Mr. O'MAHONEY], the subcommittee went into every nook and corner of the bill. It was submitted to all of the Government departments that might be affected, extensive hearings were held beginning during the extra session, and I am gratified to say that the House bill stood the test of searching inquiry, and that the amendments which were adopted by the Senate are, in a large measure, clarifying and perfecting amendments. Quite naturally, careful study of any bill like this, which involves the first general overhauling of the Bankruptcy Act in 40 years, would disclose ambiguities and needed changes in phraseology, and so forth, and the Senate has made a number of such changes.

The fundamental changes made by the Senate in the House bill, Mr. Speaker, should be explained somewhat in detail, and I would like to be indulged for that purpose.

The major substantive amendments adopted by the Senate are as follows:

Admiralty jurisdiction (sec. 2): The House amendment added jurisdiction of the bankruptcy court "in admiralty." The Senate did not concur in this amendment for the reason that so few cases arise in the bankruptcy courts involving admiralty claims that there is no immediate practical necessity for the change. There is also ground for fearing that confusion might arise as between the jurisdiction of the bankruptcy and the admiralty courts. The United States Maritime Commission formally objected to the inclusion of this clause.

Dischargeability of tax claims (sec. 17): The House bill makes Federal taxes dischargeable, while the Senate amendment retains existing law with a clarifying change. The Senate felt that if Federal taxes were made dischargeable, it would open the door to evasion. The Treasury Department recommended against the House amendment.

Appeals (sec. 24): The House bill makes certain amendments in the sections of the act (24-25) relative to appeals, but preserves the existing distinction between appeals as of right and appeals by leave of the appellate courts. The amendment by the Senate practically abolishes this distinction. Under it, appeals may be made as of right in all cases involving \$500 or more. In controversies of less than this amount, appeals may be taken only upon allowance by the appellate court. The jurisdiction of the appellate court will extend both to matters of law and of fact, except that in an appeal from a judgment on a verdict rendered by a jury the jurisdiction will extend to matters of law only. The removal of the troublesome distinction will be a service to both bench and bar. It is often difficult to determine the proper procedure under the present law and frequently appeals are taken in both ways in order to be certain. The House bill seeks to remedy this condition by providing that in the event of mistake the appellate court may consider the appeal as properly taken and proceed to a determination of the case. The Senate believes it much better to eliminate the distinction altogether.

Contingent claims (sec. 57, subdivision d): Under the present law, certain types of contingent claims are not

allowable. The House bill attempts to extend the allowability of such claims to cases where the contingency occurs before the declaration of a final dividend or before the confirmation of a settlement under the debtor relief chapters. Under the English Bankruptcy Act, contingent claims are allowable if they can be reasonably valued, regardless of the occurrence of the contingency. The Senate by this amendment would adopt the English rule, which has worked well. The provision is in the interest of the bankrupt because it broadens the scope of his discharge by including contingent claims that are not now allowable and therefore not dischargeable.

Including Government claims within bar time—Extension of time (sec. 57, subdivision n): The House bill includes within the bar time for the proving of claims, all claims of the United States and of any State or subdivision thereof. The Senate has both strengthened and extended this proposed amendment by providing, first, that such claims must actually be filed within the bar time, and, second, by permitting additional time for the filing of such claims upon application for cause shown. The Senate agrees with the proposal that governmental claims should be subjected to the same requirements as other claims but it is of the opinion that the limitation should be tempered by the provision for extension, for the reason that it is sometimes difficult for the Government to prepare and present its claims within a fixed time. The limitation will speed up the closing of estates, and the extension will provide a reasonable flexibility.

Application of preference provisions to debtor relief chapters (sec. 60, subdivision a): Because of a doubt expressed as to whether, under the language of this subdivision in the House bill, the provisions of the section would be applicable in proceedings under the debtor relief chapters, it is deemed advisable to make that purpose clear by specific reference to such chapters.

Stock-brokerage cases (sec. 60, subdivision e): There are no provisions in the present act specifically relating to these cases. The Senate believes that the new subdivision e proposed in the House bill covers the difficult situations which arise in such cases, and has perfected it by providing in clause 4 that a segregation of securities made more than 4 months before bankruptcy, regardless of the stockbroker's solvency or insolvency, shall be effective. This change accords with the policy of the act in analogous situations, in which the period of 4 months is used as a bar time.

Bankruptcy depositories (sec. 61): The present situation with regard to depository bonds is very trying both for courts and for depositories. The act now requires banking institutions designated as official depositories of bankruptcy funds to furnish bonds to the United States in such amounts as may be fixed by the courts. The House amendment to the section permits the furnishing of "other security." This the Senate believes is not adequate to meet the situation and proposes a more complete remedy as suggested by the Attorney General. Under this proposed provision, depositories may pledge securities. These are to be deposited with Federal Reserve banks, thus enabling depositories to collect their interest on such securities and at the same time to protect the bankruptcy deposits. No bonds are required where the deposits are protected by Federal deposit insurance.

Claims for breach of executory contracts (sec. 63, subdivision c): This is a new provision which is intended in the House bill to clarify and strengthen the existing law in regard to claims for the breach of executory contracts. While the Senate is in accord with the objective of this provision, it deems it inadvisable to make a distinction in regard to the date of the breach, between a strict bankruptcy and a debtor-relief proceeding. Therefore, it has removed this distinction and has related the time of the breach to the date of the filing of the petition under the act. While this is a fictional relation back, it is necessary as a mechanical device.

Contingent or unliquidated claims (sec. 63, subdivision d, 94): This subdivision has been rewritten in order to conform with the changes proposed by the Senate in subdivision d, of section 57.

CHAPTER X. CORPORATE REORGANIZATIONS

Rejection of executory contracts (sec. 116, sec. 216 (4)): The Senate has deemed it advisable to restore to the House bill, in connection with the power granted under section 216 (4), to reject executory contracts in a plan of reorganization, the exception in the case of contracts in the public authority which is presently to be found in section 77B. Consistently under this change, the same exception has been made applicable to the rejection of executory contracts under section 116 of the House bill.

Appointment of cotrustees (sec. 156): The Senate has deemed it advisable to amend this section so as to make it possible for the judge to appoint an officer or employee of the debtor as cotrustee for the single purpose of aiding in the management and operation of the debtor's business or property. In the unusual case this may be desirable, and the Senate amendment supplies flexibility in this regard. Since the disinterested trustee is empowered to employ officers of a debtor (sec. 191), such appointment of a cotrustee would not be necessary in the ordinary case.

Approval by State commissions (sec. 178): The House bill did not include the provision of section 77B which requires the approval, by State commissions possessing regulatory jurisdiction over intrastate public-utility corporations, of plans of reorganization for such corporations. This jurisdiction is in effect preserved in section 224 of the House bill, but the Senate considers it desirable to remove any ambiguity with respect thereto by restoring to the bill the language of the present law.

Right of persons to be heard (sec. 206): For the reason that the interests of a corporation's employees may at times be affected by the consequences of a reorganization plan, the Senate added to the House bill a provision empowering the judge, in his discretion, to hear union or other organizations representative of a debtor's employees, with respect to the provisions of a plan affecting the interests of such employees. This will constitute solely a right to be heard thereon; and does not in any way make such organizations a party to the proceedings.

Intervention by the Commission (sec. 208): The House bill provides that the Securities and Exchange Commission shall, upon filing a notice of appearance, be deemed a party in interest with the right to be heard on all matters arising in the proceeding. The Senate amendment provides that the Securities and Exchange Commission shall, if requested by the judge, and may, upon its own motion if approved by the judge, file a notice of appearance in proceedings under this chapter. The amendment also prohibits the Commission from taking an appeal in any such proceeding.

Fairness of terms of new securities (sec. 216 (12)): The Senate in this section has amplified the statement of essential matters to which the attention of the judge is addressed in passing upon the fairness of reorganization plans. This section requires a plan to contain provisions for the equitable distribution of voting power among any new voting securities to be issued, and would prevent the issuance of any non-voting stock in this connection. It puts emphasis upon the requirement of the issuance of fair and sound securities, and upon the making of periodic reports to security holders. This provision is in essence a codification of the best practice already prescribed under section 77B.

Retention and enforcement of claims (sec. 216 (13)): In this section the Senate has added a clause the purport of which is to make it clear that in the case of claims belonging to the debtor or the estate which are not settled or adjusted in a reorganization plan, such claims are to be retained and enforced by the trustee, or if none has been appointed, by an examiner appointed for that purpose. The question may arise whether the retention and enforcement just mentioned

refers to all claims belonging to the debtor or the estate, including such claims as ordinary accounts receivable. It is not so intended. The provision must be read against the background of reorganization experience, and the purpose of section 216. The latter deals with the provisions of a reorganization plan. Such plans are primarily concerned with claims against a debtor, not those belonging to it. The only ones of the latter sort with which plans usually deal are claims either in litigation or otherwise in controversy. Frequently they may be causes of action arising out of misconduct or irregularities in the conduct of the debtor's affairs, such as are referred to in section 167 (3) of chapter X. It is this type of claim, illustrated in the recent reorganization of Paramount-Publix Corporation, with which section 216 (13) deals when it speaks of their retention and enforcement. It does not have reference to the ordinary obligations owed to a debtor which arise in the everyday conduct of its business affairs. Of course, any claim, of any sort, may be settled or adjusted in a plan, if necessary to the effectuation of a proper plan.

Denial of allowances for breach of duty (sec. 249): This section of the House bill denies any compensation out of the estate to persons who violate their representative or fiduciary capacity by buying or selling claims or stock of the debtor during the proceedings. To prevent hardship in the unusual case where an exception to this rule might be equitable, the Senate has added a clause giving the judge power to approve beforehand or consent subsequently to an acquisition or transfer in such exceptional case.

Income-tax exemptions (sec. 268): The Senate has adopted the revised language submitted by the Treasury Department, precluding tax assessments resulting from the scaling of indebtedness on the basis of a write-down in the valuation of a debtor's assets, without an actual sale or exchange of such assets. Such an exemption is in accordance with the fundamental objective of a debt readjustment.

Basis of property (sec. 270): This provision is intended to avoid a double deduction. Where debt forgiveness, resulting from a debt readjustment, is exempt from the tax upon income or profit, the cost of the property dealt with by the settlement is to be decreased, for future tax-valuation purposes, by an amount equal to the amount of the indebtedness canceled or reduced in the proceeding.

CHAPTER X. ARRANGEMENTS

Applicability of provisions of act (sec. 302): The Senate amendment amplifies the provision with reference to applicability so as to leave no doubt that the provisions of chapters I to VII are to be applicable, except where inconsistent or in conflict with the provisions of the chapter.

Future rent claims (sec. 353): The Senate deemed it advisable to insert in this chapter the provisions dealing with future rent claims in the form and language as contained in section 202 of chapter X.

Stamp-tax exemptions (sec. 395): The House bill exempted from the imposition of stamp taxes all instruments of transfer executed under the provisions of this chapter. The Treasury Department objected to the exemption in any case. Since the exemption is now allowed under section 77B, the Senate considered it advisable to retain the provision in chapter X. In the other chapters the amount of the tax imposed will be comparatively slight, and it is deemed inexpedient to extend the exemption further. This disposition of the matter meets the objection of the Treasury Department.

Income-tax exemptions (sec. 396): This section of the House bill is rewritten and renumbered to stand as section 395. A new section No. 396 is inserted. Both of these sections clarify and amplify the provisions of the bill in regard to income-tax exemptions and make no substantive changes.

These income-tax provisions are new and are intended to preclude tax assessments resulting from the scaling of indebtedness on the basis of a write-down in the valuation of a debtor's assets, without an actual sale or exchange of such

assets. They are in accord with the fundamental objective of a debt readjustment and correct a defect in the existing law which makes no such provision.

The "property basis" provision is intended to avoid a double deduction. Where debt forgiveness, resulting from a debt readjustment, is exempt from the tax upon income or profit, the cost of the property dealt with by the settlement is to be decreased, for future tax valuation purposes, by an amount equal to the amount of the indebtedness canceled or reduced in the proceeding.

Both of the foregoing sections are in the revised language submitted by the Treasury Department.

CHAPTER XII. REAL PROPERTY ARRANGEMENTS BY PERSONS OTHER THAN CORPORATIONS

Applicability of provisions of act (sec. 402): As in the case of section 302, this amendment amplifies the provisions with respect to applicability so as to leave no doubt that the provisions of chapters I to VII are alone to be deemed applicable, except where inconsistent or in conflict with the provisions of this chapter.

Equity rights and powers of trustee (sec. 442): By inadvertence, there was included in the House bill a reference to the court "of any State." The Senate agrees with the substance of this section in respect to vesting in the trustee the rights and powers of an equity receiver appointed by a United States court. The deletion conforms this section to a similar provision contained in section 187 of chapter X.

Bar time for filing claims and classification of creditors (secs. 451 and 452): By inadvertence, the clause dealing with the hearing of controversies in regard to the classification of creditors was inserted in section 451 of the House bill. The Senate has corrected this error by transposing the clause from section 451 to section 452, where it properly belongs, and by rewriting the latter section.

Claims of the United States (sec. 455): This section has been copied from section 199 of chapter X, but as contained in the House bill, the proviso, through oversight, was not included. The instant amendment, proposed by the Senate, inserts the proviso but reduces the period for acceptance by the Secretary of the Treasury from 90 to 60 days. Because of the less involved nature of a proceeding under chapter XII, and in order to expedite the proceeding, a shorter period is deemed adequate and advisable.

Future rent claims (sec. 458): The Senate deems it also advisable to insert in this chapter the provisions dealing with future rent claims in like form and language as contained in section 202 of chapter X and section 353 of chapter XI.

Majority of creditors necessary for acceptance of an arrangement (clause (1) of sec. 468): This amendment makes a clarifying and conforming change. Clause (11) of section 461 provides adequate protection in the case of any class of creditors which does not accept by the requisite majority the proposed arrangement. As contained in the House bill, clause (1) makes no reference to this exception. The Senate has, therefore, rewritten the provision so that it will be clearly indicated that creditors for whom adequate protection has been provided, in the manner above set forth, are not to be counted in computing the required majorities for acceptance. In formulating this additional provision, further language has been added to make certain that creditors not affected for any other reason shall not be included in the computation.

Allowances (sec. 495): These changes are intended to clarify the section and to make certain that allowances for reasonable compensation shall be made for services rendered in cases where the arrangement has not been consummated and the proceeding has been entirely dismissed or an order of adjudication has been entered.

Stays of proceedings (sec. 507): This section in the House bill merely provides that a prior proceeding shall be stayed upon the filing of a petition under this chapter. As in the case of the analogous section 257 of chapter X, it was deemed by the Senate advisable to include the provisions dealing with the divesting of the rights and possession of a prior receiver, indenture trustee, and mortgagee in possession.

Stamp-tax exemption (sec. 520): The deletion of this section is in conformity with the purpose expressed in the foregoing comment, No. 24.

Income-tax exemption and "basis of property" (secs. 520 and 522): Section 520, renumbered, has been amended to conform to like changes in section 268 of chapter X and section 395, renumbered, of chapter XI. Likewise, section 522 has been added to conform to section 270 of chapter X and section 396 of chapter XI. As indicated, these changes and additions are proposed by the Treasury Department.

CHAPTER XIII. WAGE-EARNERS PLANS

Applicability of provisions of act (Sec. 602): This section is amended to conform to like changes in section 102 of chapter X, section 302 of chapter XI, and section 402 of chapter XII in respect to the reference to chapters I to VII.

Definition of "debtor" (clause (3) of sec. 606): "Debtor" is defined in the House bill to mean a wage earner by or against whom a petition is filed. The definition is inaccurate; a petition under this chapter may not be filed against the wage earner. The instant Senate amendment makes the necessary correction.

Future rent claims (sec. 642): The Senate deemed it advisable, for the sake of uniformity, to insert also in this chapter the provisions dealing with future rent claims in the form and language as contained in section 202 of chapter X, section 353 of chapter XI, and section 458 of chapter XII. However, for the purposes of this chapter, the measure of damage is restricted to 1 year's rent instead of 3 years'. This settlement is deemed advisable so that the relief accorded by this chapter will be more readily available to a wage earner. In the case of a bankruptcy liquidation, the measure of damages is also restricted to 1 year's rent. (See sec. 63, subdivision a, clause 9, p. 93.)

Income-tax exemption (sec. 679): The changes made in this section conform to like changes in section 268 of chapter X, section 395, renumbered, of chapter XI and section 520, renumbered, of chapter XII. For the purpose of a proceeding under this chapter it was not thought necessary by the Senate to include the provisions in regard to the "basis of property."

Section 2 of bill

Section 2 of the bill, page 269, amends the Frazier-Lemke Act (sec. 75 of the Bankruptcy Act) to allow the courts to grant to farmers who have been granted a stay of proceedings under section 75 (s) of such act, a further stay to November 1, 1939. It also provides for compensation to conciliation commissioners upon completion of duties assigned to them by the courts.

CHAPTER XIV

The Senate has added to the bill chapter XIV, relating to liens of the United States Maritime Commission. The amendment was offered by Senator COPELAND, at the request of the Maritime Commission, for the general purpose of providing for the continued operation of merchant vessels of the United States on essential trade routes.

Three days of hearings were held upon the amendment and all interested parties were heard. The necessity for this legislation arises from the fact that the Government holds approximately \$75,000,000 in preferred ship mortgages to secure indebtedness incurred by operators either in connection with the construction of vessels or the purchase of vessels from the old Shipping Board at very low prices. At the time the amendment was suggested, application had been made to the United States District Court for the Southern District of New York to foreclose its mortgages upon four vessels purchased from the Shipping Board in 1925 by the Munson Steamship Line. Proceedings for the reorganization of this line were instituted on June 11, 1934, but no plan of reorganization had been consummated. The construction of the four vessels involved was completed by the Shipping Board in 1921 and 1922 at a cost of \$24,989,056.98. They were sold to the Munson interests in 1925 for a price of \$4,104,000, 25 percent of which was paid in cash, the balance to be paid over a period of years in equal annual installments of \$51,300

on each vessel. The last payment on these vessels was made by the Munson interests in 1929, except for a payment of \$28,000, overdue interest, made in February 1934. During the period commencing August 1, 1928, up to February 1, 1937, the line was receiving payments under its ocean-mail contract approximating \$1,250,000 per year. Notwithstanding this, as has been stated, no payments on the indebtedness to the United States were made.

This legislation, however, would not now apply to the Munson situation, for the reason that during its pendency the United States district court has appointed a receiver in admiralty, with authority to operate the vessels during foreclosure proceedings, and the essential service, which has, unfortunately, been interrupted for several weeks, will now be reestablished.

The purpose of the amendment is to assure the continued operation of vessels upon which the Government holds ship mortgages upon essential routes in the foreign commerce of the United States. There are other lines which may possibly file reorganization proceedings, with possible interruptions of service, similar to the Munson situation, detrimental to the interests of the United States. One of these is the Dollar Line, and unless this service can be continued it would mean that the United States would have no American-flag service to the Orient. This is unthinkable.

Certain objections have been raised by the attorneys for the trustees in the Munson case, and by representatives of creditor groups of the Munson Co. Chapter XIV, however, was redrafted by the Senate committee for the purpose of meeting these objections.

In section 1 there is now a requirement that the court, before appointing the Maritime Commission to act as trustee or receiver, shall make a finding that such action will inure to the advantage of the estate and the parties in interest, as well as tend to further the purposes of the Merchant Marine Act, 1936. This gives full protection to all interested groups, since this determination is left entirely to the court upon such evidence as it may require. It would seem, therefore, that no reasonable criticism can be made of this section.

Objections made to section 2 are upon the theory that the depreciation allowed by the Commission during the period of operation of the vessels under receivership may not be in an amount sufficiently large to satisfy the objectors to this measure. The Maritime Commission would be governed in determining the amount of depreciation by the standard fixed in the Merchant Marine Act, 1936, which provides that depreciation charges shall be computed on a 20-year life expectancy of a subsidized vessel. The only objection that can be made to this provision of the proposed amendment is that the Maritime Commission would not be required to allow depreciation upon a fictitious valuation of the vessels claimed by the objectors to the measure. Section 2 also provides for the payment by the Commission of such other sums as the court may deem just. Certainly no legitimate objection can be raised by any person, other than the Maritime Commission, to this provision. It is believed that in circumstances where this section would become operative, the Commission should not be required to pay any sums in addition to the depreciation charges and such repairs as may be necessary in order to keep the boats in operating condition. These sums, of course, will be paid by the Commission as the repairs are made, in accordance with the practice in the steamship business. This section, therefore, clearly is not unfair to the other creditors. In fact, the Government will have to rely upon the court to protect it against unfair payments under the provision authorizing the payment of "such other sums as the court may deem just."

Section 3 is designed to protect the interests of the United States where it has sold its vessels on deferred payments, and where it has loaned money for the construction of vessels. Existing statutory law requires the Maritime Commission to accept first preferred mortgages upon such vessels in such cases. First preferred mortgages are defined in the Ship Mortgage Act, 1920. This section will make them first preferred mortgages in fact, as well as in name, and will make

certain that the position of the United States as mortgagee under such mortgages is protected, as well as to make certain of the continued operation of such vessels in essential routes. The Maritime Commission, under authority of this section, may file with the court a written waiver of the provisions of the section, in cases where an injustice to the creditors might occur by reason of its operation. The history of the Maritime Commission and its predecessors has not been such as to justify the inference that any injustice will be done to the operators of vessels upon which the Government holds mortgages.

Under all the facts, there is no merit in the objections raised by the representatives of the Munson trustees and the other interests involved. The amendment is solely for the purpose of protecting interests necessary to the national welfare, without prejudicing the interests of any creditor group in any particular situation.

Now, Mr. Speaker, I believe that I have covered every essential amendment, and will not take the time to explain the minor amendments. This law will not go into effect for 3 months, and, as you all know, any provisions which may not work well can be changed in the next session of Congress.

Before concluding, I would like to state that the Senate and House Judiciary Committees have been aided greatly by the investigations conducted by the Select Committee to Investigate Real Estate Bondholders Reorganizations, authorized by the Seventy-third Congress, of which committee the gentleman from Illinois [Mr. SABATH] is chairman; and the provisions of chapter X relating to the participation by the Securities and Exchange Commission in reorganization proceedings are quite similar to the Sabath bill which the House passed last year. Some of its provisions have been incorporated in the bill now before the House. Mention should be made of the work of that committee, of which the gentleman from New York [Mr. KENNEDY], the gentleman from Arkansas [Mr. FULLER], the gentleman from Wisconsin [Mr. O'MALLEY], the gentleman from New York [Mr. CULKIN], and the gentleman from Illinois [Mr. DIRKSEN] were members serving under the chairman [Mr. SABATH].

I should state also that the work of the McAdoo committee appointed by the Senate to investigate bankruptcy and receivership proceedings in the Federal courts was very useful in the preparation and study of the pending bill. Furthermore, the investigations made by the Securities and Exchange Commission into the activities of protective and reorganization committees gave our committee much valuable information in connection with the revision of section 77B.

Too much praise cannot be given to the Senator from Wyoming [Mr. O'MAHONEY] for his intelligent persistence in pressing the bill to successful action in the Senate. With the aid of the Senator from Texas [Mr. CONNALLY], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Vermont [Mr. AUSTIN], the Senator from Wyoming succeeded in passing through the Senate a well-balanced, comprehensive bill which I am glad to move that the House accept by concurring in the Senate amendments.

Finally, I would like to express my appreciation of the splendid services of the House Judiciary Committee in this long and somewhat tedious work. Bankruptcy is neither a pleasant nor a profitable subject, and the bill now before you represents the culmination of the efforts of the Committee on the Judiciary to present to Congress a bill which is intended and which we believe will promote the general well-being of the people of our country.

The SPEAKER. The question is on the Senate amendments.

The Senate amendments were agreed to; and a motion to reconsider was laid on the table.

WHEAT ACREAGE ALLOTMENTS

Mr. JONES. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 308.

The Clerk read as follows:

Resolved, etc., That section 333 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a sentence to read as follows:

"The national acreage allotment for wheat for 1939 shall be not less than 55,000,000 acres."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, the gentleman from South Dakota is very much interested in this legislation. I promised him that I would see that he was here when it was taken up. I do not want to make a point of no quorum. I wonder if the gentleman would not withdraw the resolution for about 10 minutes until I can get in communication with the gentleman from South Dakota [Mr. CASE].

Mr. JONES. I would if I could be sure of getting recognition then. It is rather late in the session. I do not think the gentleman from South Dakota will object to this. This fixes the allotment at 55,000,000 acres. It is agreed to on both sides.

Mr. MARTIN of Massachusetts. He wanted to be on the floor when this bill came up. Unless the gentleman can withhold his request I shall have to make a point of order that a quorum is not present.

Mr. JONES. Mr. Speaker, I ask unanimous consent temporarily to withdraw my request until the gentleman from Massachusetts can get in touch with the gentleman from South Dakota.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

BLIND-MADE PRODUCTS

The SPEAKER. The Chair recognizes the gentleman from New York [Mr. LANZETTA].

Mr. LANZETTA. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2819) to create a commission on purchases of blind-made products, and for other purposes.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, may the bill be reported?

The SPEAKER. Without objection, the Clerk will read the bill.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That there is hereby created a Committee to be known as the Committee on Purchases of Blind-made Products (hereinafter referred to as the "Committee") to be composed of a private citizen conversant with the problems incident to the employment of the blind and a representative of each of the following Government departments: The Navy Department, the War Department, the Treasury Department, the Department of Agriculture, the Department of Commerce, and the Department of the Interior. The members of the Committee shall be appointed by the President, shall serve without additional compensation, and shall designate one of their number to be chairman.

Sec. 2. It shall be the duty of the Committee to determine the fair market price of all brooms and mops and other suitable commodities manufactured by the blind and offered for sale to the Federal Government by any nonprofit-making agency for the blind organized under the laws of the United States or of any State, to revise such prices from time to time in accordance with changing market conditions, and to make such rules and regulations regarding specifications, time of delivery, authorization of a central nonprofit-making agency to facilitate the distribution of orders among the agencies for the blind, and other relevant matters of procedure as shall be necessary to carry out the purposes of this act: *Provided*, That no change in price shall become effective prior to the expiration of 15 days from the date on which such change is made by the Committee.

Sec. 3. All brooms and mops and other suitable commodities hereafter procured in accordance with applicable Federal specifications by or for any Federal department or agency shall be procured from such nonprofit-making agencies for the blind in all cases where such articles are available within the period specified at the price determined by the Committee to be the fair market price for the article or articles so procured: *Provided*, That this act shall not apply in any cases where brooms and mops are available for procurement from any Federal department or agency and procurement therefrom is required under the provisions of any law in effect on the date of enactment of this act, or in cases where brooms and mops are procured for use outside continental United States.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman from New York explain the bill?

Mr. LANZETTA. Mr. Speaker, this bill creates a Committee on Purchases of Blind-made Products, to be composed of a private citizen conversant with the problems incident to the employment of the blind and a representative from each of the Departments of the Government named in the bill. Under present conditions organizations for the blind are ruinously competing against each other in an effort to get Government work. The competition has become so keen that the prices at which this work is now being let are so low as to be practically ruinous.

We have been assured that under this bill the committee which it creates will first establish what the fair prices for these articles are; and, second, it will distribute the orders among the various agencies for the blind. In other words, instead of the present cutthroat competition the blind people who are engaged in this type of work will be able to obtain it at a fair price. They want to help themselves and by passing this bill we will not only be helping them to keep occupied, but we will also make it possible for them to receive fair and adequate compensation for their work.

Mr. MARTIN of Massachusetts. Are they inmates of institutions?

Mr. LANZETTA. No; they are not inmates of institutions. They belong to organizations which not only assist them but also obtain work for them. It seems that a great many persons who suffer with this affliction devote themselves to the making of mops and brooms.

Mr. MARTIN of Massachusetts. They do not make any other article except mops and brooms?

Mr. LANZETTA. That is all.

Mr. MARTIN of Massachusetts. What committee does this come from?

Mr. LANZETTA. From the Committee on Expenditures in the Executive Departments, of which the gentleman from Missouri [Mr. COCHRAN] is chairman.

Mr. MARTIN of Massachusetts. Does it come with a unanimous report?

Mr. LANZETTA. Yes; there was a unanimous report. It has also been passed by the Senate, as the gentleman knows.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. MICHENER. This legislation would permit the agency established to fix the price at which the Government would buy mops and brooms.

Mr. LANZETTA. The gentleman is correct.

Mr. MICHENER. This would take the buying of mops and brooms out of competitive bidding?

Mr. LANZETTA. That is right.

Mr. MICHENER. Who is going to do the allocating as to whom the contracts will be let?

Mr. LANZETTA. This committee will allocate the work to the various organizations and will see to it that each gets a fair share of the work.

Mr. MICHENER. Assume a manufacturer of mops in New York City employs only blind people in his factory. Has the gentleman such an institution?

Mr. LANZETTA. I do not know whether there is such an institution or not.

Mr. MICHENER. If the gentleman is on the committee, he should know. Does he know that there are any institutions manufacturing mops or brooms that employ only blind people?

Mr. LANZETTA. Yes. Under this bill the committee will be composed of a private citizen conversant with the problems incident to the employment of the blind, and one who is fully acquainted with all the blind organizations in the United States engaged in this particular kind of work. I understand that these blind organizations work pretty close together.

Mr. MICHENER. I have in mind institutions of this kind that manufacture mops or brooms—not in my district, however. They hire workmen. They hire some blind people.

Because that institution employs blind people is no reason why the Federal Government should fix the price which the Federal Government will pay for a product, and thereby eliminate competition.

Mr. McGRANERY. Will the gentleman yield?

Mr. LANZETTA. I yield to the gentleman from Pennsylvania.

Mr. McGRANERY. May I say to the gentleman I feel this bill has been designed to take care of institutions where they are training blind persons. This committee would purchase the products made by these blind students. For instance, in Philadelphia we have the Pennsylvania School for the Blind, which is the only place I know of throughout the State that makes brooms, mops, and so forth. After they have been sufficiently trained, they are turned out of the institution and can go anywhere to obtain employment. I believe, under the bill, if it passes, persons employing in private industry blind people certainly will be on a competitive basis and not receive the benefits of this act.

Mr. MICHENER. We have another resolution coming up here to investigate monopolies, trusts, and things of that kind. A bill preceding that bill by an hour or two sets up a monopoly or trust and provides that the Government must pay a given price fixed by this agency of the Government, regardless of what the articles may be bought for on the open market in competition with ordinary labor.

Mr. LANZETTA. May I explain to the gentleman that, because of the situation as it now exists, the brooms and mops now being manufactured for the Federal Government are now all being made practically by blind organizations. The reason for this condition is that private industry cannot compete with the blind organizations insofar as Government purchases of these products are concerned. I understand that the manufacturers of mops and brooms are not interested in this bill, nor do they feel that this bill will affect them in any way. The competition in this field exists mostly between various blind organizations throughout the United States which, in their enthusiasm to obtain this work, are cutting the prices down so low that they are now at a level where even the blind cannot earn enough money to live on.

Mr. MICHENER. The gentleman from Pennsylvania [Mr. McGRANERY] just stated the purpose of this bill is to give relief to institutions which teach people how to make brooms and how to make mops. If that is true, this would be a direct subsidy to that particular institution. Is that not true?

Mr. LANZETTA. No; that is not true. I explained to the gentleman what the situation is in this field. I say that because of the keen competition this field is now already controlled by blind workers.

Mr. MICHENER. Give us an illustration of what you mean by blind organizations. Give us one.

Mr. LANZETTA. Here is what I mean by a blind organization. There is a blind organization in New York City.

Mr. MICHENER. There are a lot of them up there.

Mr. LANZETTA. I know of one, the lighthouse at Fifty-ninth Street. I understand that this organization not only trains them but that it also provides them with work so that once they learn how to do a particular kind of work they are placed in plants where only blind people are employed. The gentleman must understand that blind people cannot engage in every type of work. Their field is very limited. This making of brooms and mops is one of the few things that most blind people can do and that is the reason why private industry has practically stepped out of this field.

Mr. MICHENER. I want to assist the blind people and we have done it by various kinds of subsidies. That is all right and proper. We should do it, but in doing so I doubt the wisdom of setting up a price-fixing agency in the Government, which agency will have the discretion of determining what the Federal Government is going to pay for its mops and brooms, regardless of market price. I may say the Government uses thousands and thousands of dollars worth of them every year.

Mr. LANZETTA. I do not know whether I have made myself clear or not. This committee is created for the purpose

of eliminating the present cutthroat competition. The gentleman must understand that there are thousands of blind people who are not able to do all the things in life that the ordinary normal person can do; consequently, they have concentrated in a few trades. The making of mops and brooms is one of the fields where we find most of the blind people engaged in, so that whenever the Government is in the market for brooms and mops we find that the various blind organizations throughout the United States in their anxiety to obtain the work bid so low as to leave very little for the individual worker.

This bill will eliminate the present ruinous competition because under this bill the committee will have the power to establish a fair market price for these articles and to distribute the orders among the various blind agencies. If private industry was in competition with these blind organizations, I might agree with the gentleman that there would be some cause for complaint; but I have been given to understand that private industry is not in competition with these organizations insofar as these articles are concerned.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. CRAWFORD. I object, Mr. Speaker.

The SPEAKER. The Chair recognizes the gentleman from New York to suspend the rules and pass the bill.

Mr. LANZETTA. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2819) to create a Committee on Purchases of Blind-made Products.

The Clerk read the title of the bill.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House have until midnight tonight to file a report on the bill H. R. 10618, the flood-control bill.

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, and, of course, I am not going to object, when is that bill going to be called up? Is not that the spending bill?

Mr. RAYBURN. Tomorrow we will have two matters we must dispose of. One is the conference report on the wage and hour bill, and the other is the conference report on the recovery bill. As I understand, there will be at least two separate votes in connection with disposing of the recovery bill.

Mr. TABER. There will be more than two separate votes on the spending bill, four or five, anyway.

Mr. RAYBURN. If we could get to the flood-control bill tomorrow we would like to do it, otherwise it will have to go over until Wednesday.

Mr. MARTIN of Massachusetts. I have no objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

FLOOD CONTROL

Mr. WHITTINGTON, from the committee of conference, submitted a report and statement.

BLIND-MADE PRODUCTS

The SPEAKER. Is a second demanded on the motion of the gentleman from New York to suspend the rules and pass the bill S. 2819?

Mr. CRAWFORD. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from New York will be recognized for 20 minutes, and the gentleman from Michigan will be recognized for 20 minutes.

Mr. LANZETTA. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McGRANERY].

Mr. McGRANERY. Mr. Speaker, I had no notice this bill was going to be presented this afternoon. I know of no more humane piece of legislation that has been presented to this

Congress than this particular bill, dealing with products created by persons afflicted with blindness.

I read in last Sunday's paper about the training of youngsters born blind, who have never had the advantages of sight. The big problem is: How are they to be trained so they may be independent and be able to create some income of their own? This bill which the gentleman from New York [Mr. LANZETTA] has taken upon himself to put through the House is one designed to make possible the absorption of brooms, mops, and wares made by blind people. In my district I have an asylum for the blind. I have realized, after talking with these blind men, just what it means that they be kept busy. There is no more active mind in a human body than the mind of a blind person, because he is constantly concentrating and not being disturbed by things that go on about him. The Members of this House have no need to fear blind-made goods entering into competition with private industry. As I see it, the committee this bill creates is established merely for the protection of the blind persons themselves. The institutions where blind people are taught are not institutions conducted by businessmen but rather by pedagogues. They are teachers; they are instructors; they know nothing of the outside world, so it is absolutely essential, if the blind are going to get a fair price for their products, that they have in charge of the distribution of their products someone who knows business methods and who has been trained along business lines. This is not the creation of a monopoly. This bill does not establish a price-fixing body in the sense we have come to understand the words "price-fixing body"; rather it sets up a price-fixing body for the protection of the blind themselves.

Mr. DORSEY. Mr. Speaker, will the gentleman yield?

Mr. McGRANERY. I yield to the gentleman from Pennsylvania.

Mr. DORSEY. In protecting the price level of the products of these institutions, you at the same time protect the price level of private manufactures.

Mr. McGRANERY. I thank the gentleman. I believe that is a fair statement. There is absolutely no fear of a monopoly or a price-fixing body here. We must understand that the schools where the blind are trained and where the goods are made are not conducted by persons with business training.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield?

Mr. McGRANERY. I yield to the gentleman from New York.

Mr. WADSWORTH. Is the institution which furnishes these materials to the Government bound in its contract with the Government by the provisions of the Walsh-Healey Act?

Mr. McGRANERY. I am not familiar enough with the act to answer that question. I am looking particularly at the human side of this problem rather than the legal phase of it. I do not know whether there will be any interference from the Walsh-Healey Act in this matter. I believe someone more conversant with the bill had best answer the question.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. McGRANERY. I yield to the gentleman from New York.

Mr. SIROVICH. I believe the fundamental purpose of this humane bill is to make the blind people self-supporting and self-respecting as American citizens.

Mr. McGRANERY. Exactly, and to occupy their time. Just picture in your own mind for a moment your sight being blotted out and your sitting here not knowing what is going on about you and being unable to do anything except twitch your fingers. There is no more serious problem before our people today than this one.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. McGRANERY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Can the gentleman tell us whether or not the terms of the Walsh-Healey bill as now about to be revised will operate in such a manner as to prevent the Government from buying products made by such a nonprofit corporation organized in behalf of the blind?

Mr. McGRANERY. I cannot answer that question.

[Here the gavel fell.]

Mr. LANZETTA. Mr. Speaker, I yield myself such time as I may need.

Mr. Speaker, as already explained, this bill is for the purpose of creating a Committee on Purchases of Blind-made Products. This committee will consist of a private citizen conversant with the problems incident to the employment of the blind and a representative of various Government departments.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. HOUSTON. There will not be any salary attached to membership on this committee?

Mr. LANZETTA. No; none at all.

Mr. HOUSTON. Who will appoint the members of the committee?

Mr. LANZETTA. The heads of the various departments will appoint the representatives of the departments to the committee.

I understand that there are many blind organizations where persons who suffer with this affliction go to get work. Many of them have been trained in the business of making mops and brooms. In the last several years, because of the drop in this business, these various organizations have gone into keen competition with each other so much so that the prices which they quote in seeking this work are so low as to be practically ruinous.

Many of the Members of this House may be worried about whether this bill will give a monopoly to the blind people to the detriment of private industry. I might explain to Members of the House that private industry does not compete in this field. They realize that this is a field exclusively engaged in by blind people, and, consequently, whatever we do under this bill today will not in any way injure private industry.

There is one thing I want to point out which was called to my attention by the gentlemen who objected to the unanimous-consent request, and that is that section 2 of the bill reads as follows:

It shall be the duty of the committee to determine the fair market price of all brooms and mops and other suitable commodities manufactured by the blind and offered for sale to the Federal Government by any non-profit-making agency for the blind organized under the laws of the United States or of any State.

Under this bill, no profit-making organization will share in the work that will be allotted.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. SIROVICH. As I understand this bill, it will take care of about 3,000 blind people all over the United States who otherwise would be liable to become public charges, and it is also my understanding that they receive all the money that is received from the sale of these articles, minus the expenses, for their own comfort and benefit, and the bill will allow others to come in later?

Mr. LANZETTA. I agree with the gentleman.

Mr. SIROVICH. Why should anybody object to this?

Mr. LANZETTA. I also wish to point out to the House that with respect to blind people, their field of activity is limited, and that they do not have many diversions. We all know that the average person who is not incapacitated by any serious affliction, even though unemployed, can occupy his mind in many ways. These blind people who unfortunately are also limited in their diversions must have something to do to occupy their time, and it is for this reason that they are so anxious to obtain this work and why they do not hesitate to quote very low figures in trying to obtain this work.

Mr. SIROVICH. Is it not a fact that these little returns which they receive prevent them from becoming public charges?

Mr. LANZETTA. Yes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. There is no question about these people competing with labor because there is no organized labor in this field.

Mr. LANZETTA. The gentleman is correct.

Mr. O'MALLEY. And it usually has been a sweatshop field at the best, has it not?

Mr. LANZETTA. Yes.

Mr. HAINES. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. HAINES. Is the gentleman's bill limited to brooms and mops?

Mr. LANZETTA. Brooms, mops, and I may say that the Senate bill contains the words "and other suitable commodities manufactured by the blind and offered for sale to the Federal Government."

Mr. HAINES. I have in my district a blind center in one of the cities; they could qualify to sell their products to the Federal Government?

Mr. LANZETTA. Yes; they could.

Mr. WADSWORTH. Can the gentleman answer my question addressed to the gentleman who preceded him as to whether the Walsh-Healey Act applies to this operation?

Mr. LANZETTA. I do not believe it does.

Mr. WADSWORTH. What I want to know is whether it will be compulsory that the blind receive 40 cents an hour. As I understand, that is what the Walsh-Healey Act provides with respect to goods furnished under contract to the United States Government.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. O'MALLEY. I may be able to help the gentleman. I do not believe the Walsh-Healey Act can apply to a non-profit-making cooperative organization such as this provides.

Mr. WADSWORTH. Is the gentleman sure?

Mr. O'MALLEY. It does not apply to fraternal nonprofit groups or cooperatives in my State.

Mr. WADSWORTH. This is not a cooperative or a fraternity.

Mr. O'MALLEY. A nonprofit organization would be usually under the cooperative laws, would it not?

Mr. WADSWORTH. I would like to be sure.

Mr. SNELL. Is this a nonprofit organization?

Mr. O'MALLEY. Yes.

Mr. SNELL. And the money goes to pay this labor?

Mr. MICHENER. Whether it was a cooperative organization would make absolutely no difference here, because the Walsh-Healey Act attempts to fix hours and wages and working conditions for the producers of all Government-purchased materials within the contract price limitation, and whether it is a cooperative or not has nothing to do with it. It is just a question if the Government fixes the conditions. I asked the gentleman a while ago whether or not this would repeal the existing law by implication.

Mr. LANZETTA. Mr. Speaker, I agree with the gentleman from Wisconsin [Mr. O'MALLEY] that inasmuch as this applies to nonprofit organizations, that the Walsh-Healey Act does not apply.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. I yield.

Mr. SIROVICH. Mr. Speaker, in reply to the gentleman from Michigan, who suggests that maybe a monopoly is created, let me call attention to the report, which says that about half of the broom requirements of the Federal Government have to be obtained in the open market. That shows there will be no monopoly.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. Yes.

Mr. FULLER. It is my opinion that even if the Walsh-Healey Act would be a restriction against this kind of goods by passing this act for the purpose of helping this particular class of people, it would to that extent repeal the Walsh-Healey tax, and most of the membership of the House would be very glad to see that done in order to take care of these people.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. LANZETTA. Yes.

Mr. EBERHARTER. I have one of these blind centers in my district, and I am interested in the legislation the gentleman is presenting to the House. I understand that labor has no objection to this bill.

Mr. LANZETTA. No objection whatsoever.

Mr. EBERHARTER. Will this have any effect upon the purchase by the Government of prison-made mops and brooms?

Mr. LANZETTA. No, because the Government purchases a certain amount of prison-made goods, and I think that the only time it goes out into the open market is when the amount produced by prison labor is not sufficient. I may say to the House that this bill has been endorsed by Dr. Helen A. Keller and by the American Foundation of the Blind, Inc., of which President Franklin D. Roosevelt is the honorary president.

Mr. Speaker, I trust that the membership of this House will support this measure.

Mr. CRAWFORD. Mr. Speaker, I yield myself 10 minutes. I certainly have not objected to this bill for the purpose of doing an injury to the blind. I have had too much practical experience in and around some of the works where these people keep themselves occupied. My reason for objecting was that we not rush in and pass a bill here that may resolve itself into preventing the sale of the products of the blind. Let me ask the members of the committee in charge of this bill one or two questions. Let us consider the Blind Institute, of Minneapolis, Minn., where it is a voluntary set-up, and where the merchants and businessmen and private citizens of that town encourage the bringing together of machinery and buildings and even of an organization to keep all of the blind people in the city of Minneapolis engaged in making brooms and rugs and mops and trinkets of all kinds. What effect will this type of bill have on that institution? Then, let us take another illustration. I understood one of the gentlemen to say that all mops and brooms are made by these nonprofit blind institutions. I do not want to say that that is a misstatement, but I cannot possibly believe it under any circumstances.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. LANZETTA. I made the statement that insofar as Government consumption is concerned, private industry has not competed because of the fact that so many blind organizations compete amongst themselves, and that the bid prices are so low as not to interest them.

Mr. CRAWFORD. Is this a correct interpretation of that statement—that when private industry makes a bid to the Government on mops and brooms, and that bid is compared to the bid made by nonprofit blind organizations, the bid made by the nonprofit organization is so low that private industry is out of the field?

Mr. LANZETTA. That is correct.

Mr. CRAWFORD. Suppose this price-fixing scheme moves that price above the prices being quoted by that part of private industry which manufactures brooms and mops and which heretofore has been unable to secure any of the Government business? Then what happens to the products of the blind?

Mr. LANZETTA. I do not think that will ever occur, for this reason. First of all, you are dealing with a nonprofit organization, and, secondly, you are dealing with a type of people who are afflicted and who are willing to work not so much for the money but to keep themselves occupied, so that the proposition of prices getting above the market level is somewhat remote.

Mr. CRAWFORD. Do I understand that in the broom and mop industry mechanical devices are not used in bringing together the elements that go to make up a broom or a mop?

Mr. LANZETTA. So far as the blind are concerned, it is mostly hand work.

Mr. CRAWFORD. I know it is by personal experience, but you are bringing into operation here a prize-fixing scheme, which is governed by humanitarian motives, to the end that the efforts of blind people and their products shall bring a living wage. Suppose when that price is fixed, it goes above the price made by A, who is running a mechanized broom or mop factory. Then will the Government buy blind-made products at a higher price than that bid by private industry?

Mr. LANZETTA. Private industry cannot compete now with these blind-made products. If some machinery should come on the market tomorrow, that would make it possible for private industry to manufacture brooms and mops more cheaply than the blind, then some change would have to be made.

Right now, and that fact was brought out forcibly because no outside concern was against this bill; I mean, we received no communication from any concern opposed to the bill.

Mr. CRAWFORD. Under no circumstances would the operator of a private industry dare appear against a bill of this kind. All his goods would be blacklisted by other industrial concerns to whom he now sells.

Mr. LANZETTA. I cannot agree with the gentleman, because if private industry were competing in business against blind-made products, I do not think they would have hesitated to set forth their views on this bill.

Mr. CRAWFORD. When you submit a bid to the Government you do not know whom you are bidding against, you bid against all bidders. Otherwise, there must be something crooked in the department that accepts the bids.

Mr. LANZETTA. In the broom and mop industry, private manufacturers know that their only competitors are the blind organizations.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. DUNN. Did the gentleman receive any communication from manufacturers of brooms or mops complaining about this bill?

Mr. CRAWFORD. Not a single communication.

Mr. DUNN. May I say, and the information which I obtained is correct, that the industries that manufacture brooms and mops did not protest against this bill; in fact, they consented to it.

Mr. CRAWFORD. The gentleman means that those who appeared did.

Mr. DUNN. I may say to the gentleman that if I were convinced that this bill would hurt any factory that was really protesting against the bill I would be against it because I do not believe it is right for the Federal or State Governments to appropriate money to buy products made by the blind, particularly when private industrial plants are paying a gigantic tax to maintain themselves. But they have not complained, and that is one of the reasons I am for it.

Mr. CRAWFORD. What I am seeking is information. We do not want to do something which will destroy that which we are trying to build up. Does the gentleman believe that at the present time, and when I say "present time" I mean a few minutes before this bill becomes enacted into law and begins to operate, does the gentleman believe that at the present time with the methods of production which are now being used by the nonprofit blind institutions can they compete with private industry?

Mr. DUNN. Yes; because most of the products made by the blind are not made by machinery but are made by hand, articles such as brooms, hammocks, mops, and so forth. I was taught those trades in a school for the blind 30 years ago. No hand-made product can hope to compete with machine-made products.

Mr. CRAWFORD. The gentleman says that no industry operated by the blind can compete with ordinary industry.

Mr. DUNN. Yes.

Mr. CRAWFORD. At the present time the Government buys blind-made products. Does the gentleman mean to

say that private industry does not submit bids to the Government on these articles?

Mr. DUNN. Here is what I believe this bill does—

Mr. CRAWFORD. I am trying to get an answer to a specific question. If private industry is not bidding for the business, that is one thing. If private industry is bidding for the business and is being underbid, that is another thing. As soon as this bill becomes law and the Government pays more for these blind-made products why will not other units of the industry be interested in submitting bids? I am looking at this from a cold-blooded practical commercial viewpoint. I am trying to find out if this bill will do what its sponsors hope it will.

Mr. DUNN. Mr. Speaker, will the gentleman yield further?

Mr. CRAWFORD. I yield.

Mr. DUNN. The gentleman is absolutely right so far as the facts are concerned. If a blind representative offered brooms and mops to the Government in such a way that the products of the blind were undermining the products of private business I would be opposed to this bill, but the enactment of this bill will not do that. Just as I said before, this bill—I believe it is the Senate bill—has been pending quite a while and not one word of complaint has come from any manufacturer of mops or brooms or any other article that is produced by the blind. If they were opposed to it, if this bill were going to hurt them, does not the gentleman think somebody would have received a communication in opposition to the legislation?

Mr. CRAWFORD. The gentleman misunderstands my purpose. I am not making a plea for private industry. I do not care whether the business goes to private industry. And I hope it goes to the blind industries. But, I know that with a mechanized plant I can produce and sell considerably below what a standard or decent living wage would be for a blind man working with his hands. Now, when the committee sets the price above that bid by private industry to the Government how are you going to keep the Government agency from buying the product of private industry quoted at a lower price?

Mr. DUNN. Under this bill the Government can purchase goods manufactured by private industry.

Mr. CRAWFORD. Let me put it another way.

Mr. DUNN. It does not say that the Government shall purchase goods made by the blind in preference to the products made by any other factory.

Mr. CRAWFORD. Suppose the gentleman were sitting down here in the Procurement Division of the Treasury Department and two bids came before him after this bill is enacted into law, one for 100 gross of brooms, we will say, at an average of 15 cents apiece from the blind, and another from private industry at 12 cents apiece. Which order would be purchased by the Procurement Division?

Mr. DUNN. According to law, and he has to comply with the law, it says he must give it to the lowest bidder. In that instance the blind would not receive the order.

Mr. CRAWFORD. Why not?

Mr. McGRANERY. The gentleman's question, if I understood it correctly, was to the effect, if private industry entered a bid of 12 cents as against a bid on the part of a blind institution of 15 cents, which particular one would get the business?

Mr. CRAWFORD. Yes.

Mr. McGRANERY. If I understand the bill, it, in effect, sets up a commission which will determine the price to be paid to the blind for their products, with a view, as I understand it, of taking over from the blind institutions as much as they can furnish and so much as the Government can use of the products made by them at a price fixed by the committee.

Mr. CRAWFORD. May I ask the gentleman this question: Do you mean to say we are about to pass a bill here which would authorize this committee to set the price which the Government shall pay for brooms and mops, beyond which or below which the Government cannot go in making

the purchase, and having set the price this committee will then be authorized to allocate whatever purchases are made by the Government to the different blind institutions of this country as it sees fit?

Mr. McGRANERY. Not quite as the gentleman puts it. They will establish what is a fair price for their product. It may be above or it may be below the price submitted by some private industry.

Mr. CRAWFORD. Suppose it is above, and the business goes to the other fellow, where are the blind people?

Mr. McGRANERY. This committee will see to it, as I understand the bill, that the blind people get that work.

Mr. MICHENER. Under the Walsh-Healey Act we have an hour and wage law and we have under the proposed wage and hour bill an hour and a wage law. Will this committee fix working conditions or hours and wages for those employed different than the other law provides?

Mr. McGRANERY. I believe the gentleman is a capable lawyer and he would know, certainly, that the same power which creates the wage and hour bill would have the right to create this act, which in effect would be an exemption insofar as the Walsh-Healey Act is concerned.

Mr. MICHENER. What I am getting at is this: If the blind man is handicapped so that he cannot do the same work as the man who is not blind, and you fix a wage for the man who is not blind and give him an amount as a proper wage to be paid, then are you going to fix the same standard for the blind person?

Mr. McGRANERY. I think the gentleman is sparring. It is not a case of a man with a finger off and he is therefore less capable. It is not a case of making fine distinctions. We have set forth clearly in this act—"blind persons."

Mr. CRAWFORD. Mr. Speaker, I yield to the gentleman from Iowa [Mr. THURSTON].

Mr. THURSTON. I would like to make an inquiry in reference to the phrase "of a non-profit-making agency for the blind." Would that include an institution supported by a State government?

Mr. LANZETTA. I do not believe it does. It only includes an organization where these blind people band together for the purpose of ameliorating their condition.

Mr. THURSTON. Many States have institutions for the blind that turn out these products. Should they not be included within the provisions of this act?

Mr. LANZETTA. Should they be included?

Mr. THURSTON. Yes.

Mr. LANZETTA. If they are nonprofit organizations, then they would be included without further ado. That is, if they are a nonprofit organization.

Mr. THURSTON. That is the intent and the construction the gentleman places on that language; that is, it would include an institution under the control of a State?

Mr. LANZETTA. If it is a nonprofit institution.

Mr. CRAWFORD. May I ask the gentleman another question? Let us assume, as I understand, there is at Saginaw, Mich., an institution set up, the buildings being paid for by the State, the personnel appointed by the Governor, and it produces brooms and sells them. Does the gentleman mean to say that the committee can set the price of the products of a State institution?

Mr. LANZETTA. Oh, no; not a State institution, only the Federal Government.

Mr. THURSTON. I call attention to the fact that many States do have institutions for the blind and other persons suffering from disabilities. Should they not have the same right to come in and bid on Government or Federal projects or contracts that any private institution would have?

Mr. LANZETTA. If they are now bidding on Federal contracts or have been bidding in the past, they will be permitted to continue in the future and will participate under this bill.

Mr. THURSTON. That is the gentleman's construction?

Mr. LANZETTA. That is my construction of the language used in the bill.

Mr. THURSTON. I see.

Mr. LANZETTA. There seems to be a doubt in the gentleman's mind as to whether this bill will harm private industry.

Mr. CRAWFORD. Oh, no; not at all.

Mr. LANZETTA. Your question was, How can a hand-made product be produced cheaper than a machine-made product? The gentleman must understand that it is not a question of producing it cheaper; it is a question of how much the blind worker is willing to take for his work.

With regard to all these blind-made products, it appears that notwithstanding the fact that it may take longer or cost more to produce them, that these blind persons are willing to take less for their product as long as they keep themselves occupied.

Mr. CRAWFORD. It appears I have not made myself clear to the proponents of this bill. We face a situation where the Walsh-Healey Act governs on one side of the trade; the Government purchases at the lowest bid price on the other; this committee to be created by this law on still another side of the case is to fix a price below which nonprofit blind institutions shall not sell their products.

I have brought about this discussion in an attempt to ascertain if the enactment of this law will cause the institutions for the blind to lose the business by one of two causes or by both; that is, through not conforming to the provisions of the Walsh-Healey Act or by reason of the fact the fixed price of the committee may be so high that private industry, operating for a profit and using mechanical means for the production of competitive goods may find themselves able to sell their products to the Government at a price lower than the price fixed by the committee. If the private operator makes a lower bid than the fixed price, what choice has the Government purchasing agency in the matter? Will not the Government have to purchase from the lowest bidder? This all seems to have been entirely overlooked by those who have drafted the provisions of the bill. I desire that the business go to the institutions for the blind. But I am frank to say that I feel the bill is inadequately drawn and I do hope it will not result in the loss of this business by the blind producers and workers.

Mr. CRAWFORD. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker, answering the gentleman from Michigan, I believe this is a most meritorious bill and I am willing to vote for it in its present status, but I believe there is a grave question whether or not under existing law, the Walsh-Healey Act, the Government will be permitted to buy these blind-made products under the conditions as set up in this bill unless the sellers are the lowest bidder. The gentleman from New York is crowding this bill. He does not want an amendment. I believe he is doing himself more or less of an injustice. I think if this bill were amended so as to state that notwithstanding any law to the contrary the various governmental agencies are hereby authorized to purchase products under the terms and provisions of this bill regardless of competition, you would have an absolute certainty of buying the products of these dependent people and this would have a tendency to keep them off the relief rolls.

Mr. CRAWFORD. I may say I am in the same position as the gentleman from Arkansas. I intend to vote for the bill as it is, but I believe the gentleman's amendment should be placed in the bill.

Mr. FULLER. I am not going to offer it if you do not want it, but I believe it should be in the bill.

Mr. LANZETTA. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Shall the rules be suspended and the bill S. 2819, be passed?

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

OMAHA-COUNCIL BLUFFS MISSOURI RIVER BRIDGE BOARD OF TRUSTEES

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 10726) to provide that the Omaha-Council Bluffs Missouri River Bridge Board of Trustees shall be composed wholly of public officers.

Mr. HOLMES. I object, Mr. Speaker.

WHEAT ACREAGE ALLOTMENT

Mr. JONES. Mr. Speaker, I renew my request for the immediate consideration of Senate Joint Resolution 308.

The Clerk read the joint resolution, as follows:

Resolved, etc., That section 333 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a sentence to read as follows:

"The national acreage allotment for wheat for 1939 shall be not less than 55,000,000 acres."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. CASE of South Dakota. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Texas if this resolution represents an increase in the minimum acreage over the amount in the bill to the consideration of which I objected the other night?

Mr. JONES. It represents an increase of 3,000,000 acres in the minimum. Of course, the actual allotment may run above either minimum.

Mr. CASE of South Dakota. And to that extent it would afford proportionate relief for the hard-wheat growers for whom I was concerned the other night?

Mr. JONES. It would in the event the formula drives the acreage below the minimum provided here.

Mr. CASE of South Dakota. I think we have gained something by the further consideration. May I ask the gentleman a further question? As the gentleman knows, I have had it in mind to offer an amendment to the resolution. I realize, however, that under the present parliamentary situation with adjournment near, we may get nothing to relieve the situation unless we pass this bill now. And realizing that it is better to have a floor of 55,000,000 acres than to be forced down to 42 or 44 million, with this gain of 3,000,000 over the first resolution offered, I am inclined now not to object further. I wonder, however, if I might have the assurance of the gentleman that he will present to his committee for consideration the hard-wheat amendment I had in mind if I offer it as a separate resolution?

Mr. JONES. I should be pleased to submit the matter to the committee for its consideration. Of course, I could not make any commitments on the merits of it one way or the other, but I shall, of course, be pleased to have it submitted to the committee for its consideration. In fact, all measures that are filed and referred to the committee are submitted to it for consideration.

Mr. CASE of South Dakota. I thank the gentleman. Mr. Speaker, I realize this resolution with the three million increase now offered will be that much better than the situation that would confront us if this resolution is not passed. Therefore I shall not object.

Mr. SNELL. Reserving the right to object, Mr. Speaker, what is the practical effect of the resolution whose consideration the gentleman now requests?

Mr. JONES. One effect is that under the terms of the bill, as construed by the Department, if the production of wheat for this year should run as high as the indications are that it may, the total allocation of acres for 1939 might run as low as 45,000,000 or 46,000,000 acres.

Mr. SNELL. How many acres of wheat are there this year?

Mr. JONES. This year it is estimated there are about 79,000,000 acres. However, that estimate is much above what has been the average acreage.

Mr. SNELL. How much could be planted next year under the provisions of this resolution?

Mr. JONES. Under the provisions of this resolution there is no limit. This simply forms a bottom below which it cannot go; in other words, this is simply a minimum. The resolution states the allotment shall not be less than that minimum.

Mr. SNELL. Why is it we have to have a resolution setting a minimum? Is that not up to the Department at the present time?

Mr. JONES. As I construe the language, there is some ground for the position the officials of the Department take. I believe a liberal construction would permit them to make the national acreage higher, but, of course, they are required to construe the language in the light of their advice and counsel, and they construe it as requiring them to adjust on a lower basis in the event the production runs high.

Mr. SNELL. Have they not been doing exactly that in the last couple of years?

Mr. JONES. No; in the last 2 years there has simply been an estimate of the acreage and production and the amount that they calculate should be diverted under a proper soil-conservation and soil-building program, and adjustment along with it.

Mr. SNELL. I admit these acts have had so many amendments they are almost beyond the comprehension of the common layman, but I do not believe you ought to go so far that you absolutely limit by law the crop production of the country.

Mr. JONES. Of course, the business of agriculture is pretty vast and far reaching. I find it much easier to understand the provisions of this act than some of the provisions and syllables in any of the tariff acts. I happen to recall there is one word in the tariff act that has 13 syllables. I never got an explanation of it. However, the business of the country is complex. There are many farm commodities and a wide variety of circumstances. It is a troublesome problem and a difficult one, but I believe we are making headway on it.

Mr. BOILEAU and Mr. RICH rose.

Mr. BOILEAU. Reserving the right to object, Mr. Speaker, I notice the bill before us, which is a Senate bill, provides for not less than 55,000,000 acres, whereas the bill that was before the House committee the other day, and which was reported by the House committee, was for 52,000,000 acres.

Mr. JONES. Yes.

Mr. BOILEAU. I assume when the House Committee on Agriculture reported out the bill containing the figure of 52,000,000 acres, it was the consensus of the committee that that was the proper figure. I wonder what is the reason for making the change with respect to the situation.

Mr. JONES. The gentleman will recall that we had considerable discussion in the committee when we had the matter up. Some thought at the time that it should be 55,000,000 and we had some preliminary discussion by the wheat people before it was introduced. I made the suggestion of 55,000,000 acres to the preliminary group. The Senate has already passed this measure. It is simply a bottom or a minimum anyway, and I do not want to take a chance on being driven into a jam and have misunderstandings by quibbling over the difference between 52,000,000 and 55,000,000 acres.

Mr. BOILEAU. This will provide about 11,000,000 acres more than would be provided if this bill were not passed?

Mr. JONES. I think they now estimate it would probably run about 46,000,000 acres.

Mr. BOILEAU. I thought it was around 44,000,000.

Mr. JONES. They stated today it would probably be 46,000,000 and that depends, of course, on the production. As the gentleman knows, the production in a certain area is turning out not to be as great as at first estimated.

Mr. BOILEAU. That is a change that has been brought about in the last couple of days, but say it would be nine or ten million dollars, the Senate put an amendment into the so-called recovery bill providing for payments to wheat growers out of a fund of \$212,000,000 during the year 1939 of 10 cents a bushel on all wheat produced during the

next year, and I would like to ask the gentleman whether or not that part of the \$212,000,000 that is to be paid over for wheat was calculated on an acreage of 44,000,000 or 45,000,000 or 55,000,000 acres?

Mr. JONES. This particular matter is with respect to the 1939 figure and that is on the 1938 production.

Mr. BOILEAU. As I understand, the relief bill provides for the payment of 10 cents a bushel on wheat produced and harvested during 1939.

Mr. JONES. The gentleman may be right. I have not read with care that provision with that particular thought in mind. However, I had understood it was to be based on a normal yield rather than on actual yield, anyway, and on the average number of acres, and so forth.

Mr. BOILEAU. Yes; but the bill provides 10 cents a bushel on wheat provided he has complied with the terms and conditions, and if we permit the spending of 10 cents a bushel with an additional yield of 13,000,000 bushels, that means about \$1,300,000 that we would have to pay.

Mr. JONES. No; for this year it is fixed at 62,500,000, and may I say in that connection that this last estimate was made in the light of the estimated production that became apparent within the last few weeks.

Mr. BOILEAU. But the amendment in the Senate bill provides "such payments shall not be made with respect to any farm on which the acreage planted to the commodity for harvest in 1939 exceeds the farm-acreage allotment for the commodity established under said 1939 agricultural conservation program." I am satisfied from a very hurried reading of the amendment that this amount of \$212,000,000, or a part of it, will be used to pay 10 cents a bushel on wheat produced in 1939.

Mr. JONES. Does not that say "not exceeding that amount," and then it is divided according to a formula that would not affect that situation?

Mr. BOILEAU. The language is:

Any farm on which the acreage planted to the commodity for harvest in 1939 exceeds the farm-acreage allotment for the commodity established under said 1939 agricultural conservation program.

And I was told by some member of the committee it would mean 1939. I am not positive that is true; but if that is true, we are herein providing an additional 13,000,000 bushels, upon which we will pay 10 cents a bushel, which will be an increase of \$1,300,000; and I am wondering if that is being considered insofar as consideration of the Senate amendment is concerned.

Mr. JONES. No; that was not considered in that connection at all.

Mr. BOILEAU. I did not assume it was.

Mr. JONES. That is to be distributed according to a formula, and it is not to be in excess of a certain amount per bushel.

Mr. BOILEAU. Ten cents a bushel on the 1939 production, as I understand.

Mr. WADSWORTH. Mr. Speaker, will the gentleman yield.

Mr. BOILEAU. I yield to the gentleman if I have the floor.

Mr. WADSWORTH. I was going to ask the chairman of the Committee on Agriculture if any way has yet been devised by which the law can keep pace with the weather?

Mr. JONES. I do not believe anybody, anywhere, has been able to foretell the weather.

Mr. WADSWORTH. Then we may expect further amendments?

Mr. JONES. I do not believe we have had any law enacted in the last 50 years that amounted to anything that we did not later have to amend. Most of us would not like to ride in a 1913 model car.

Mr. BOILEAU. I have brought this up to show the absolutely ridiculous situation with which we are confronted with the Appropriations Committee and the Agricultural Committee working on bills and then something else comes

in that has not been presented to the committee which materially changes the whole situation, and it is more or less of a hodgepodge.

I shall not object personally, but I think this whole thing should be gone into carefully and that one committee should make its recommendation to the House.

Mr. RICH. Mr. Speaker, I reserve the right to object, to ask the gentleman if he is going to cut down the acreage in 1939 from what it is this year. As I understand it is 79,000,000 acres, and it is suggested to cut it down 60 percent?

Mr. JONES. No; we want to fix it so that we can cut it lower than that.

Mr. RICH. What is the reason? Is the gentleman afraid of the Agricultural Department?

Mr. JONES. I think there is a limit to how much you can adjust in 1 year on these things, and certainly the gentleman would not object to a minimum limit on the thing.

Mr. RICH. No. I think you are wise in doing that, but I think you ought to go further. If you cut down 60 percent of the production in 1939 of the wheat of this country, how much will you permit to be imported—as much as you did last year?

Mr. JONES. The question of imports is an entirely different question. Of course, you will not have any great imports of wheat in the next few years, because there is a production this year of a billion bushels, and we have a carry-over of 200,000,000 bushels.

Mr. RICH. How does the gentleman know we will not?

Mr. JONES. We probably will not.

Mr. RICH. What we should do is to utilize the ground in this country for raising our own wheat and employing our own labor.

Mr. JONES. I wish the gentleman would tell us what to do with a whole lot of the wheat that we are producing this year.

Mr. RICH. If the gentleman will leave it open to the American businessman, he will probably get rid of it to some foreign country, and we will not increase the price of bread so high that the poor fellow who needs something to eat will not be able to get it.

Mr. JONES. But we have a provision in this bill to that effect.

Mr. LUCAS. What the gentleman wants to do is to go back to 1932.

Mr. RICH. No. I want to let the wheat-growing farmers of this country have permission to grow the wheat that we want to use and not bring in wheat from foreign countries as we did last year, and if we do that we will not have to buy about 40,000,000 acres of submarginal lands and then go out at the same time into the West and make these great reclamation projects and start to put 3,000,000 acres more into cultivation.

Mr. LAMNECK. Mr. Speaker, I object.

Mr. JONES. Mr. Speaker, may I be permitted to move to suspend the rules?

The SPEAKER pro tempore (Mr. RAYBURN). The present occupant of the chair is not able to answer that question.

NAVAL RESERVE

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10594) to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, the present occupant of the chair appoints the following conferees: Mr. VINSON of Georgia, Mr. DREWRY of Virginia, and Mr. MAAS.

SLUM-CLEARANCE PROJECTS IN PUERTO RICO

Mr. KOCIALKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3929) to authorize the Legislature of Puerto Rico to create public corporate authorities to undertake slum clearance and projects, to provide dwelling accommodations for families of low income, and to issue bonds therefor; to authorize the legislature to provide for financial assistance to such authorities by the government of Puerto Rico and its municipalities, and for other purposes, which I send to the desk.

The Clerk read as follows:

Be it enacted, etc., That the Legislature of Puerto Rico may create public corporate authorities to undertake slum clearance and projects to provide dwelling accommodations for families of low income.

SEC. 2. The Legislature of Puerto Rico may provide for the appointment and terms of the commissioners of such authorities, and for the powers of such authorities, except that such authorities shall be given no power of taxation, and may authorize the commissioners of such authorities to fix the salaries of employees.

SEC. 3. The legislature may appropriate funds for and may make and authorize any municipality of Puerto Rico to make loans, donations, and conveyances of money or property to such authorities; may make and authorize any municipality of Puerto Rico to make available its facilities and services to such authorities and take other action in aid of slum clearance or low-rent housing; and may, without regard to any Federal acts restricting the disposition of public property or lands in Puerto Rico, provide for the use by or disposal to such authorities of any public lands or other property held or controlled by the people of Puerto Rico, its municipalities, or other subdivisions.

SEC. 4. The legislature may authorize such authorities to issue bonds or other obligations with such security as the legislature may provide and may provide for the disposition of the proceeds of such bonds and all receipts and revenues of such authorities.

SEC. 5. Such bonds shall not be a debt of Puerto Rico or any municipality, and shall not constitute a public indebtedness within the meaning of section 3 of the act of Congress approved March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes", as amended.

SEC. 6. All legislation heretofore enacted by the Legislature of Puerto Rico dealing with the subject matter of this act and not inconsistent herewith is hereby ratified and confirmed.

The SPEAKER pro tempore. Is a second demanded?

Mr. TABER. Mr. Speaker, I demand a second.

Mr. KOCIALKOWSKI. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KOCIALKOWSKI. Mr. Speaker, I yield 5 minutes to the Delegate from Puerto Rico (Mr. IGLESIAS).

Mr. IGLESIAS. Mr. Speaker, I assure the gentlemen that this measure is a meritorious one. It tends to help the working people, and the families of low income in Puerto Rico. If the bill is passed, it will help the masses of the workers in the first place, and the families of low income in the second place. The necessary housing authorities have already been created by the Legislature of Puerto Rico in conjunction and cooperation with the provisions in the bill before you. We have already passed three measures to help the people of the country over there. These measures, together with the assistance of the Housing Authority in Puerto Rico, will benefit the people and will create another opportunity for the working classes, and the agricultural workers, and the families of low income, and help them to live better and to change the housing conditions in Puerto Rico.

These houses are going to be built along lines of good construction, but economically. The purpose of the bill, as you realize, is to aid and assist the most modest and humble people of Puerto Rico.

The work of constructing these buildings and everything in connection with them will, of course, be in accordance with the law and under the supervision of the Housing Authority. The Legislature of Puerto Rico has the duty of cooperating with the Federal Government and the passing of suitable legislation to carry out the principles of the House bill.

In passing this bill the Congress of the United States will be doing a great service to the entire people of the Island. It will be a great forward step in uplifting the condition of

all the people and offer an inducement to them to improve living conditions generally; and, speaking for the people of the island, they will cooperate and assist in carrying out the principles and aims of this bill.

I appeal to the Members of the House to vote favorably for this measure, for it is but a further step in the progress that your influence and cooperation has made possible the last few years. We want to continue making progress, and the enactment of this bill into law will be a great encouragement to our efforts. As I say, there will be no manipulation or speculation under it, but its entire benefits will be directed toward helping and assisting the people of the island.

In closing, I ask and request you to vote in favor of the bill. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it seems to me that the House should have in front of it a picture of what is being done to the country by this housing operation, how it is working out, and the debts it is getting the country into.

I am going to read from the hearings of the Committee on Banking and Currency on the nine projects that have been adopted, with the cost per unit of each one:

Austin, Tex., 186 units, \$643,000; a unit cost of \$3,500 per family in a moderate-sized community. Charleston, S. C., a moderate-sized city; 216 units at a cost of \$1,017,000, a unit cost of \$5,000. New Orleans, La., 1,397 units, a total cost of \$8,411,000, or a unit cost of a little more than \$7,000, the largest unit cost of any of the nine. Syracuse, N. Y., 678 units; total cost, \$3,913,000. This makes a unit cost of about \$5,300. Youngstown, Ohio, 600 units at a total cost of \$2,835,000; a unit cost of \$4,750. Augusta, Ga., 335 units at a total cost of \$1,369,000; a unit cost of \$4,000. Jacksonville, Fla., 224 units, a total cost of \$1,027,000; a unit cost of \$4,700. Louisville, Ky., 814 units at a total cost of \$4,261,000; a unit cost of \$5,000. New York City, 5,194 units at a total cost of \$30,000,000; a unit cost of \$6,000.

Every one of us knows that these unit costs are in every instance double what it costs to take care of a family that is earning its own living in decent shape in those places.

I understand from the hearings before the Committee on Insular Affairs that it was indicated that in the operations in Puerto Rico they have spent as high as \$2,500 on these houses. You can put up a house there to take good care of a family for \$700. They do not have to have heat, and they do not need the type of construction we must have in the North.

There is absolutely no reason why we should go ahead with this kind of operation unless we provide an intelligent set-up for this work, without which we are never going to get anywhere. For that reason I hope there will be some semblance of intelligence used by the House in passing on this bill. Let us see what the situation is in this relief bill that was passed—and there is no difference between the Houses on it. Including reappropriations, there is approximately \$8,000,000 available for the Puerto Rican Commission. This is a lot of money. It is enough to take care of them in pretty good shape. It goes a long way further than it goes here in this country because of the low cost of living.

If there were a limitation in the bill as to the amount of money that might be spent for a single unit, limiting the expenditure to a reasonable amount, there might be some hope; but the idea of going ahead and spending money for units beyond the range of the earning capacity of the people who will live in them is beyond my comprehension; yet this is being done all through the States.

I cannot see that that is a slum clearance. It is purely and simply a raid on the Treasury of the United States and an operation that will help cripple us completely. With this explanation as to just what the bill does and how it operates, I hope the House will not agree to this resolution.

Mr. KOCIALKOWSKI. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. O'NEILL].

THE SEVENTY-FIFTH CONGRESS

Mr. O'NEILL of New Jersey. Mr. Speaker, I have enjoyed my service in the Seventy-fifth Congress. With adjournment, which all of us hope will come within the next few days, our legislative responsibilities for the present Congress will end.

The provision in our Constitution requiring that at the end of every second year an election be held for each of the 435 seats in the House of Representatives proves again the wisdom of those who organized our form of government. One-third of the Members of the other body of Congress are elected every second year for the term of 6 years. The President of the United States is elected for 4 years. Hence, through their representation in the lower House of Congress the American people are most directly the Government of the Nation.

Recurring efforts to extend the term of Representatives are not soundly founded. We in the House have first jurisdiction in all matters affecting the public purse. All tax-imposing legislation and all legislation making appropriations of the public moneys must here originate. It is proper that those who send us here should have the opportunity after 2 years to carefully weigh our service and decide whether or not we shall be returned to our seats.

COMMITTEES

I have enjoyed my experience on the Committees on the Civil Service, Education, District of Columbia, Claims, and Coinage, Weights, and Measures. The duties of some were more exacting than others, but each afforded an experience I am very glad to have had.

In accordance with the rules of the House, I resigned my membership on all of these committees upon my election to the major committee on Interstate and Foreign Commerce. To this committee is assigned all legislation affecting motor, rail, and air carriers; securities and exchange legislation; food and drug legislation; most legislation dealing with the problem of public health; in general, all legislation affecting interstate and foreign commerce.

During the consideration in committee of the bill creating the Civil Aviation Authority it became apparent that cities having airports would be denied any assistance from the Federal Government should the bill pass in the form in which it was introduced. With the assistance of several colleagues in committee, we were successful in amending the bill, putting airports in much the same category in relation to the Federal Government as are rivers and harbors.

The city of Newark has an investment of nearly \$10,000,000 in what is considered to be the Nation's greatest airport. It is not of direct benefit solely to the people of Newark, who are obliged to maintain it, and we insist—reasonably, we think—that the Federal Government has a very definite obligation to assist in its maintenance.

Outstanding among the bills enacted with relation to public health was the antisiphilis bill, enabling the United States Public Health Service to more capably operate in combating this dreadful social disease.

NEUTRALITY

The first vote I cast in Congress was for the passage of the bill to amend the neutrality law, and during the subsequent debate on the new Neutrality Act I joined with those in the Congress who believe that we can contribute most effectively to peace by prohibiting the shipment of arms and ammunition during peacetime as well as wartime. Though we were not successful, I still hold to that conviction and hope that such a provision will be enacted during the next Congress.

AMERICA WANTS PEACE

More than almost anything else the men and women of America want peace. We have suffered now for more than a generation as a result of the economic maladjustment produced of the last war. It is sometimes distressing to have come across our desks appeals for action in behalf of one side or another in conflicts between nations and in nations where civil conflict exists. It has always seemed to me that the very important matter of finding a way to bring security and contentment to the millions of our people who are unemployed is sufficiently large a problem to require our best effort and attention. I have tried to adhere to such a course.

TAXATION

The new Revenue Act adopted by this Congress contains many substantial and necessary revisions. It carries in it practically the repeal of all nuisance taxes, makes inoperative except where there might be an attempt at willful evasion the undistributed-profits and capital-gains taxes. In the campaign which resulted in my election to Congress I declared against this method of taxation and I was among those who successfully opposed my party's leaders in the attempt to levy an additional tax on closely held corporations.

I think the administration must continue its effort to broaden the tax base so that those who are willing to invest their capital in private enterprise may do so with the reasonable assurance of having returned a fair and reasonable profit.

I hope that an early Congress will see the psychological wisdom of enacting a tax law that will draw from every wage earner in the country, no matter who, a portion, at least, of his earnings, though it be but a dollar or two a year, for the direct support of his Government. Until we do this hundreds of thousands of our citizens will continue to think that the cost of Government is borne only by the rich, when in fact they are paying a far larger proportion through indirect taxes. The free institutions, the armed forces, all agencies of the Government, are operated for the benefit of all the people and all the people should help to maintain them.

AGRICULTURAL ACT

I did not feel too ashamed of the statement I had earlier made that I did not understand the Farm Act when, during the debate, a large number of Representatives of agricultural sections plainly said on the floor of the House that they, too, did not understand it. Many of them said it was unworkable. I voted against it.

HOUSING

The Federal Government took a firm and definite step forward in the enactment of legislation to aid the States in a program of slum clearance.

In the city of Newark, in which I reside, plans are under consideration at the present time for the erection of the first three units under the program. One of the units, I am informed, is to be located in the congressional district which I represent.

Arrangements are also being made for participation in the program by the Board of Commissioners of the City of Orange. No pressing need exists in East Orange, South Orange, or West Orange. It has been a source of satisfaction to me to have assisted in the enactment of this social legislation.

FEDERAL HOUSING ADMINISTRATION

The great contribution of this governmental agency to recovery from 1934 until 1937 prompted the Congress to revamp the act, liberalizing its requirements. In my opinion the administration of this agency might well be taken as a criterion by many other agencies of the Government. It has been conducted on a high plane and has generally won the cooperation and confidence of business throughout the Nation.

HOME OWNERS' LOAN CORPORATION

On June 10 I indicated to the House that while we have very definitely advanced as a result of the slum clearance and Federal Housing Administration legislation this Congress has been wholly negligent in recognizing the difficulties confronting borrowers through the Home Owners' Loan Corporation.

As a result of a number of conferences with officials of that agency a committee of Members of the House has submitted certain recommendations. Should they not be made effective before the convening of the Seventy-sixth Congress it will be necessary to revise the act immediately.

VETERANS' LEGISLATION

It was my pleasure to assist in passing measures designed to aid the veterans of our wars, their widows and dependents. The men and women of the Nation who were its

defense when they were needed most will never be adequately compensated for the sacrifices they made and it will be my pleasure in the future to assist them in all worthy endeavors and requests.

ANTILYNCHING

The House of Representatives during the first session of the Seventy-fifth Congress adequately refuted the every campaign Republican charge that a Democratic Congress would prevent the enactment of an antilynching law. On April 15, 1937, 277 to 119, the House passed and sent to the Senate H. R. 1507, to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching. It was my pleasure to speak for the passage of the bill and I am confident that early in the next Congress the House will again pass and lay at the door of the Senate this legislation.

THE BILL TO REORGANIZE THE AGENCIES OF THE GOVERNMENT

This measure, as most of us know, was designed to reduce expenditures, increase efficiency, regroup offices, reduce the number of agencies, and eliminate overlapping Federal agencies. No more innocuous piece of legislation came before the Congress, but a flood of violent propaganda led the great number of those protesting its passage to believe that the bill was a design for eventual presidential dictatorship.

The bill, as recommitted to the Select Committee on Government Reorganization, was hardly in any part the bill which passed the Senate of the United States.

Those who were propagandizing against the bill were not propagandizing against legislation. They were using it as a screen through which they might repudiate the present administration. If the bill was what the American people were led to believe it was, then the administration should have been repudiated, but how anyone who had studied the bill, analyzed the arguments in favor of it, and the arguments against it, could decide to vote against it for the purpose of repudiating a thing apart does not seem to me to be morally sound.

The chief arguments against the bill were four: First, on constitutionality of its delegation of power; secondly, dictatorial power over expenditures; thirdly, destruction of Civil Service; and, fourthly, not the time for it.

Rather than being a delegation of power, the bill delegated to the Executive a specific task to be completed before July 1, 1940. The specific task was the reorganization and regrouping of certain overlapping agencies. The 35 agencies of the Government now administering welfare work would have been regrouped into a single agency. The numerous agencies dealing with housing functions would have been joined. The agencies dealing with agricultural powers would have been concentrated, and like steps taken wherever there might be duplication.

Certain agencies created by the Congress, such as the Federal Trade Commission, Interstate Commerce Commission, Social Security Board, Federal Power Commission, Securities and Exchange Commission—in fact, all of the quasi-judicial agencies—would not have been touched, as they were specifically, each by name, exempted in the bill.

Before any reclassification could be made, the bill required that the Executive submit to the Congress a recommendation embodying the proposed changes, with the further requirement that the recommendation lie before the Congress, while in session, for at least 60 days. If the Congress chose within that time it could, by majority vote, veto the recommendation.

The impracticability of expecting the House and Senate to abolish and consolidate bureaus is apparent. The employees' organizations of the Government agencies would begin their log rolling. There would be trades and swaps, and the necessity for Government reorganization would forever be before us, as it has been for the past 25 years.

That it be effected was recommended by President Wilson, President Harding, President Coolidge, and President Hoover.

Secondly, the duty of the Comptroller General is to audit expenditures. The bill provided for a division of his functions, a separation of functions purely executive from functions legislative.

Thirdly, the Civil Service Commission, as presently constituted, consists of three Commissioners. Under the recommended bill the Commission would have been increased to seven members, not more than four of whom could be members of the same political party, and an administrator who would be appointed under much the same conditions and requirements as relate at the present time to the appointment of the Comptroller General. Rather than a destruction of civil service, this would have indeed been a strengthening of it.

Fourthly, the bill needed more study, but it needed that study by the people who were protesting against it.

An effort has been made, as I have pointed out, for many years to have each succeeding Congress effect some intelligent, efficient, workable reorganization. Those who took the time to really analyze the bill for themselves instead of depending upon biased columnists for the formation of their opinion would agree with former President Hoover:

Not only do different factions of the Government fear such reorganization, but many associations and agencies throughout the country will be alarmed that the particular function to which they are devoted may in some fashion be curtailed. Proposals to the Congress of detailed plans for the reorganization of the many different bureaus and independent agencies have always proved in the past to be a signal for the mobilization of opposition from all quarters, which has destroyed the possibility of constructive action.

That some columnists really measured the situation which occurred is indicated in the words of Arthur Krock, which appeared in the New York Times:

If the opposition to the Byrnes bill had been kept within bounds of truth and reason, Wall Street and other interests would have paid only ordinary attention to the legislation. The powers it delegates to the President do not bear on anything that is disturbing confidence in this country or depressing business.

I could not find it morally possible to vote against a bill which I knew to be a good bill, having taken part in the consideration of it, simply because a great many people were led to believe it was not a good bill.

WAGE AND HOUR LEGISLATION

After a stormy path, which included its recommitment to the Committee on Labor, the wage and hour bill is before us again in the form of a conference report unanimously agreed upon by all of the conferees of the House and the Senate.

This bill will lay upon no fair employer of labor any additional burden. It will give a good whack to those who sweat from labor all it may have to give. Thousands in my district who are of the too-lowly paid and who have been unable to bring to themselves the reasonable protection of organization will be lifted to a wage that will provide for them a little more decent standard of living.

It will aid the manufacturer in the great metropolitan area of New York to compete on a more equitable basis with the manufacturer of like products in the cheap-labor sections of the country.

Some of the manufacturers in the metropolitan district have an appreciation and an understanding of the provisions of the act. Mr. William Bal, president of the William Bal Corporation, manufacturers in Newark since 1898, in a letter to me on June 2 wrote:

I am writing you regarding the wage and hour bill. As I understand it, it seems to me this would help to equalize wages and hours throughout the entire country, which, to my mind, is rather important for the following reason:

In the years gone by Newark was the great trunk center of the country. Here was located many large concerns who have since been forced to liquidate. Most of this business has gone to the South—Petersburg, Va.—where they have an abundant supply of very cheap labor, with the result that there are more Petersburg trunks sold in Newark today than there are Newark-made trunks, and Petersburg is the great trunk center of the country today instead of Newark.

During the first session I was among those who voted to send the bill back to committee for the reason that the large differentials permitted in the first version of the bill would have made the bill useless as far as improving the lot

either of the worker or employer in the large industrial centers. The present bill meets these conditions more equitably and, upon whatever experience is gained from the administration of the law after it becomes effective, improvements may be effected.

WAGNER LABOR RELATIONS ACT

Administration of the Wagner Labor Relations Act, since its constitutionality was upheld by the Supreme Court of the United States, has indicated how wholly unfair to the employer are certain provisions of the act. Should the voters of my district return me as their Representative, I will assist in the movement to have enacted supplementary legislation extending to the employer the same protection given the employee. One should not have an unequal advantage over the other. The employer and employee are coequal and necessary in the production of goods. They should be coequal in sharing the benefit of the profit from the goods.

I do not favor taking from labor any of the advantages gained through the Wagner Labor Relations Act, but I do favor laying upon labor responsibility to a degree equal with that laid upon the employer in the act.

SIT-DOWN STRIKES

On April 8, 1937, I voted with the minority for the appointment of a congressional committee to investigate the cause and place the responsibility for the sit-down strikes which spread across the Nation like an epidemic. The resolution was defeated but helped to organize an aroused public opinion, causing an infamous and illegal movement to die of its own weight.

UN-AMERICAN ACTIVITIES

Today the Nation is aroused in like temper against another effort of subversive forces. In a radio report to the people of my district at the conclusion of the special session I touched upon this growing menace. I called attention to the fact that certainly there was no right granted anyone to conduct a meeting such as that which was called the Annual Convention of the Communist Party of America and held in Madison Square Garden. Photo reports of the meeting indicated an auditorium filled with men and women and hanging about them on every side were signs, "For a Soviet America."

In the speech to which I refer, delivered over the Mutual Broadcasting System on Saturday, December 18, I said:

Recently in the city of New York the Communist Party held a convention. Banners strung about Madison Square Garden carried the slogan, "For a Soviet America." Three thousand men rose and with clenched fists upraised cried, "For a Soviet America." Do we—indeed, do they who are not its leaders—know what it means? Closely allied with the Communist Party is a high-sounding League Against War and Fascism. Now, just being American—a real American, I mean—presupposes that one is against war and fascism, and the interesting thing about this organization is that it has never issued any pronouncement against another menace to democratic government—Soviet fascism.

If this so-called League Against War and Fascism would change its name to the League Against War and Civil War, Fascism, and Communism, that would be something, but that could not be, for that would mean a break in their united front. We will concede that communism is against war and fascism, but communism is not against civil war because out of civil war emerges the soviet form of fascism. For that we need look only upon the desecrated and torn land of Spain in her present sorrow because she did not see. Why, too, do we permit another flank in this united front to collect money here to prolong the strife in Spain? They are high sounding, too, "the Friends of Spanish Democracy." Now, no matter which side wins in Spain, Spain will not know democracy, and a recent report by the Federal Government indicates that but a small percentage of the money solicited found its way to Spain. The rest was spent, and is being spent, here to spread the propaganda of the Soviet state.

LABOR'S FALSE FRIENDS

These organizations would make it appear that they carry labor's banner, and when labor finally realizes that they are but false and expedient friends and casts them out labor will make more progress by doing so than since the first workers' guild of centuries ago until now. We must remember that our rights of free speech, free press, and assemblage are recognized by our Government, which itself is derived from the people; and all must understand, and those who do not must be taught, that liberty implies obedience to legitimate authority. Now, my friends, it is a fact well known that no

Communist or "red," or agitator of any label, will make a convert of a contented propertied worker. There are conditions and facts which must be recognized, not only by labor but by capital as well. If our form of society is to go on as we know and cherish it, then capital must cure the cause of social unrest, and the cure is a fair wage under decent working conditions, and the wage contract should as soon as possible be modified so that the worker will have a share in the profits, management, and ownership of industry. There are two extreme errors concerning profits—one is the liberal error that capital is entitled to all of the profits; the other is the Marxist error that labor is entitled to all of the profits. In between is the golden mean that since both capital and labor share in the production of wealth, each should share to some extent in the profits.

LIBERTY NOT UNBOUNDED LICENSE

Just as labor must not believe its anti-law-and-order leaders who teach that liberty is unbounded license, so must the employer know that capitalism has its responsibilities to the hands that produce the Nation's wealth. No workman will ever sit down on his machine if he knows that he can derive from working the machine a fair and decent wage. Capital and labor each has its responsibilities to the other, and the Government, derived of both, should be the protector of both.

A "Soviet America" is the ultimate aim and purpose of the Communist Party of America. Its leader, Browder, is not an American in any sense of the word, and those of my colleagues in the Congress who have been shouting for the right of free speech for these opponents of our governmental system have laid themselves open to serious doubt as to the quality of their own Americanism. The right of free speech does not mean the right to destroy a right, and those who hide behind a Constitution which ultimately they mean to destroy should not be tolerated.

A "Soviet America" means a dictatorship of the proletariat. It means again Russia. It means the enslavement of the working classes, many of whom have been deluded into believing that the Communist Party is the party for the worker. It means the destruction of minority rights. It means the destruction of the dignity of man.

There is no room for communism, fascism, nazi-ism in the heart of any real American. I do not agree with those of my colleagues who feel that the best solution is to let the "reds" talk their heads off. It began that way in other countries and immediately brought into force communism's opposite extreme—fascism. If fascism is the cure for communism, it is an abhorrent cure, and so that it will not be necessary to apply the cure we must vigilantly suppress the cause.

The symbol of the Communist Party in America is the clenched fist—itself the symbol of hate. I am not one of those who believe that we can open those fists through retaliatory violence. I share the resentment of my friends and neighbors in the city of Newark of the vulgar display in connection with a meeting for which a permit had been granted. Licensed public addresses, at designated places, under police surveillance, to prevent disorder, is a fair limitation on free speech; but the exercise of that right under such conditions demands full protection. We are not going to make better Americans through egg throwing. We can open the clenched fist only by teaching misled and deluded followers that the thing for which they clamor under an odious banner is already theirs—freedom and liberty—but that neither the freedom nor the liberty, inherent rights guaranteed by the Constitution, is license to transgress upon the rights of another.

In the first session I was among those who endeavored to have a committee appointed to investigate subversive activities. We were defeated, but I am glad that during the third session of the Seventy-fifth Congress we reversed ourselves and created a committee to investigate all of these alien tendencies. I trust that the committee will make a contribution to American thought that will materially help in warding off those who would tear apart our present structure.

In passing I feel that I should make mention of a statement by one of my colleagues who was unceremoniously given his hat and asked what was his hurry on a recent visit to a New Jersey city. The statement that he will take time from his own campaign for reelection in Montana to return to New Jersey to defeat me is a testimonial of which

I might be proud. "A man is known by the enemies he makes."

I do not think that the colleague to whom I refer is a Communist. Despite his statement of June 19 that he thinks the Daily Worker is America's outstanding daily labor newspaper, despite his free trip to Spain in behalf of the American Friends of Spanish Democracy, despite his expressed high opinion of Mother Bloor on her communistic activities, and despite the fact that he considers the majority of his colleagues to be political reactionaries—despite all of this I do not consider him to be any more of a Communist at heart than many hundreds of men and women who are enrolled in the Communist Party. Were they to realize that their very identification with the party binds them to support the program of the Third Internationale for a world revolution they would not for very long profess their membership. Most of them are like my colleague from Montana. He is suckerized and deluded by those who will leave him first, and slightly dizzy from the glare of newspaper photographers' flash bulbs. I am sure that as he grows older he will wonder how things so reprehensible and shallow ever at any time attracted him. [Applause.]

SUMMARY

I have here reviewed, with necessarily brief observations, some of the accomplishments of our Seventy-fifth Congress and my attitude on legislation which will certainly come before the next Congress.

In submitting it to the electorate of my district, I do it with a confidence that as their voice in the Nation I have tried to be truly representative of their will.

It is my honest belief that during these 2 years, despite many difficulties, the Government of the United States has been able to definitely progress toward a social balance for its people, the while we seek to strike an economic balance. No one can explain why, in the face of economic difficulty, with millions unemployed, we in the United States should have escaped the scourges which are rending practically every other nation in the world. Perhaps the only answer is that we are truly a democracy.

That we so continue is the matter of greatest importance.

Mr. KOCIALKOWSKI. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. LANZETTA].

Mr. LANZETTA. Mr. Speaker, I am afraid that the fears of the gentleman from New York who preceded me are unfounded. This bill does nothing more than create a housing authority, or, perhaps, I should say it authorizes the Puerto Rico Legislature to create a housing authority. Everyone knows that no State has been able to operate under the new Housing Act without first setting up a housing authority of its own. This bill authorizes the Legislature of Puerto Rico to create public corporate authorities to undertake slum clearance and the building of houses for families of low income. The reason why this bill is here is because of some doubt in the minds of the members of the legal department of the Housing Authority that the Puerto Rico Legislature may not have power under the organic act to pass such legislation. Were it not for this doubt this bill would not be here. It would have already been passed by the Puerto Rico Legislature.

Mr. Speaker, I want to read an excerpt from the letter received by the chairman of the Committee on Insular Affairs from Mr. Straus, Administrator of the Housing Authority:

Under the United States Housing Act of 1937 we are authorized to make loans and grants to public-housing agencies in order to assist in the development of low-rent housing and slum-clearance projects. It is generally expected that the public-housing agencies which will be selected to undertake these local programs will be the local housing authorities created under State legislation. In this connection it is important to note that the term "State" is defined in our act to mean not only the States of the Union but also "Territories, dependencies, and possessions of the United States." It was obviously the intention of Congress, through this definition, to extend the benefits of the act as widely as possible and not to restrict them to the States on the continent. As a matter of fact, Hawaii already has adopted the necessary legislation and the Congress has adopted an act (Public, No. 202, 75th Cong.)

ratifying the action of the Legislature of the Territory of Hawaii in creating housing authorities in Hawaii. As Mr. Miller informed you at the hearings, we have an earmarking in the amount of \$2,400,000 for projects in Hawaii.

The thing I want to impress upon the Members of this House is that, although Puerto Rico is already included in the Housing Act, that only by the passage of this bill will it be able to share the benefits in accordance with the intention of Congress.

With respect to the cost of houses in Puerto Rico, may I say to the gentleman from New York that this item will be controlled by the existing conditions in Puerto Rico. The United States Housing Authority will see to it that no money is wasted in building these houses. When Mr. Straus appeared before our committee he stated that the most important factor in slum clearance was the keeping down of costs, and that unless costs were kept down that the modern and sanitary homes contemplated under the Housing Act would get beyond the reach of the low-wage earners. The United States Housing Authority has given every indication that they are closely watching the costs of these undertakings in the various areas, and I am certain that insofar as Puerto Rico is concerned that they will continue to do so.

Mr. Speaker, I wish to read what Mr. Straus has to say about the importance of the passage of this legislation:

The absence of an act similar to H. R. 10050 applicable to Puerto Rico places Puerto Rico in the same position as are the 15 States which have not adopted enabling housing legislation. This means that until such legislation is adopted it will not be possible for us to make financial assistance available for projects in these States. In this connection you will be interested in knowing that over \$334,000,000 have been set aside for slum clearance and low-rent housing projects for 80 communities in 23 States and the Territory of Hawaii.

Mr. Speaker, this bill has nothing to do with the cost of the houses which will be built in Puerto Rico. As I have already stated, that phase of the housing program will be watched over and taken care of by the United States Housing Authority. All we do here is authorize the Puerto Rico Legislature to pass a housing act so that Puerto Rico can proceed at once with its slum-clearance program.

Governor Winship, in testifying before the committee, pointed out the great need for slum clearance in Puerto Rico and how important it was that this legislation become law before adjournment of Congress.

I am sure that the membership of this House would not want to deprive the people of Puerto Rico of their share of the benefits under the Housing Act, to which they are justly entitled.

Mr. Speaker, I trust that this measure will be approved.

The SPEAKER pro tempore (Mr. RAYBURN). The question is, Shall the rules be suspended and the bill passed?

The question was taken; and on a division, there were—ayes 79, nays 13.

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

ACREAGE ALLOTMENTS FOR WHEAT FOR 1939

Mr. JONES. Mr. Speaker, I renew my request for the present consideration of Senate Joint Resolution 308, to prescribe the acreage allotments for wheat for 1939.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. LAMNECK. Mr. Speaker, reserving the right to object, I was the one who objected earlier in the afternoon to the consideration of this resolution. It is not my desire to interfere with the orderly procedure of the House.

I was opposed to the request for two reasons. First, the Senate bill had never been sent to the House committee and I thought it ought to go there. Second, I think it conclusively proves that our farm program has not worked out in practice. I know if we allot the acreage that we will probably have to allot if this bill is not passed, the farmers of this country are going to have a pretty hard time raising

wheat. This bill liberalizes the matter, by increasing the acreage by 15,000,000 acres.

I have no desire to hurt the farmers or to interfere with the proceedings of the House, but I still think that the agricultural program is a cockeyed proposition.

Mr. Speaker, I withdraw my objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate joint resolution as follows:

Resolved, etc., That section 333 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a sentence to read as follows:

"The national acreage allotment for wheat for 1939 shall be not less than 55,000,000 acres."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

AMENDMENT OF MOTOR CARRIER ACT, 1935

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill H. R. 9739, to amend the Interstate Commerce Act, as amended, by amending certain provisions of part II of said act, otherwise known as the Motor Carrier Act, 1935.

The Clerk read the title of the bill.

Mr. REECE of Tennessee. Reserving the right to object, Mr. Speaker, as I understand, an amendment was agreed upon in the committee and it is the intention of the gentleman from Michigan to offer that amendment, removing the section to which there was no objection.

Mr. SADOWSKI. That section was taken out in the full committee and is not in this bill, I may say to the gentleman from Tennessee.

Mr. REECE of Tennessee. Therefore, the print which is now before the House does not contain that provision.

Mr. SADOWSKI. No; it does not contain any reference at all to that section.

Mr. REECE of Tennessee. If the gentleman will yield further, I served as a member of the subcommittee which considered these amendments to the Motor Carrier Act and it is my view that they are satisfactory and will improve the present law. They are chiefly clarifying amendments.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SADOWSKI. Mr. Speaker, this bill contains only minor amendments to the Motor Carrier Act which we passed in 1935. The bill has the recommendation of the Interstate Commerce Commission and there is no objection to it in the Committee on Interstate and Foreign Commerce.

The provisions of the bill were recommended to the Senate and House of Representatives by the Interstate Commerce Commission in its special report of February 25, 1938. The proposed amendments are mainly for the purpose of perfecting procedure and of clarifying obscure provisions of the act, and have been suggested by the Interstate Commerce Commission to facilitate the performance of the difficult and onerous task placed upon that Commission by the Motor Carrier Act, 1935.

Section 1 of the bill is merely preliminary.

Section 2 proposes to amend section 203 (a) (13) of the Motor Carrier Act by inserting the words "or any combination thereof determined by the Commission." The purpose of this proposal is to permit the Commission when necessary to determine what combinations of various types of motor vehicles, such as tractors and semitrailers, should be used to constitute a single motor vehicle within the meaning of the insurance and safety regulations, and others which have been or will be prescribed by the Commission.

Section 3 proposes to amend section 204 (a) (6) of the Motor Carrier Act, 1935, by striking therefrom the word "other," leaving the section the same in other respects. This proposed amendment is for the purpose of clarity only.

Section 4 proposes to amend section 205 (a) of said act and section 5 proposes to amend section 205 (b) of said act. The purpose of these two amendments is to give to the Commission some discretion as to whether a recommended order and report should be required and thus to expedite action in cases where expedition is essential. The present statute requires such a recommended report and order on every case, and the lapse of 20 days after the issuance thereof for filing exceptions before the order can become effective. This would make the situation in respect of the matters mentioned similar to that applicable to rail carriers under part I of the Interstate Commerce Act, as amended. Section 4 concerns the reference of proceedings to examiners. In such cases, the discretion as to whether a recommended order and report shall be issued is given to the Commission. Section 5 concerns the reference of proceedings to joint boards, and, as to such bodies, it leaves to the discretion of the joint board whether a recommended order and report shall or shall not be issued. In the latter case if the joint board determines to dispense with a recommended order and report it would merely report its conclusions to the Commission, and the Commission would proceed immediately to a decision.

Section 6 proposes to amend section 205 (f) of said act. The effect of the proposed amendment would be, after notice of any proceeding before the Commission arising out of said act had been given, to permit intervention by any party in interest either for the purpose of making representations to the Commission or for participating in a hearing if a hearing is held. This amendment rationalizes this section with the two preceding amendments and those proposed in sections 9 and 11, and leaves some discretion with the Commission as to whether in given cases hearings should be held.

Section 7 and section 8 propose to amend section 206 (a) and section 209 (a), respectively, of the Motor Carrier Act by inserting in each the words "Except as otherwise provided in this section and in section 201 (a)." These proposed changes are made necessary by the amendment proposed in section 9 providing for temporary grants of authority to operate.

Section 9 proposes to amend section 210 of said act by inserting a new section therein which would grant to the Commission in cases of immediate and urgent need the right to issue temporary operating authority to a motor carrier for a period of time not to exceed 180 days, without hearing or other proceedings. Such temporary grants would be limited to situations in which there was an emergency and where the points or territory affected were without carrier service capable of meeting the need.

Section 10 proposes to amend section 212 (a) of said act in two respects: First, to permit the Commission to suspend—not revoke—the operating rights of a motor carrier or broker upon reasonable notice, but without hearing, if the carrier or broker fails to comply with the provisions of the act concerning the filing of insurance or surety bonds, the filing of tariffs, or the filing of schedules of minimum rates, which latter provisions of the act in terms now prohibit continued operations in the event of noncompliance therewith. The proposed amendment would eliminate any possible conflict between such provisions and those of section 212 (a). Such suspensions would continue only during the period of noncompliance by the carrier or broker involved. Second, to cut down the time from 90 days to 30 days as the period for noncompliance with a lawful order of the Commission before an operating right may be revoked. The purpose of this amendment is mainly to aid the Commission in enforcing the act.

Section 11 proposes to amend section 213 (a) (1) of said act to the extent of relieving the Commission from the duty of holding public hearings in every case of proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control of motor carriers, and permitting the approval of unifications in cases in which the need for such a hearing is not apparent.

Section 12 proposed to amend section 213 (b) (1) of said act by including within the types of unification transactions

which are prohibited by the act those occurring between one or more carriers on the one hand and one or more carriers other than motor carriers on the other. The purpose is to cure an apparent oversight in the original act.

Section 13 proposes to amend section 213 (b) (2) of the act by making it clear that the remedies open to the Commission for a violation of section 213 are not confined exclusively to the conduct of an investigation and the issuance of an order therein by the Commission. This amendment is mainly for the purpose of clarity and would remove any doubt as to the right of the Commission to proceed to prosecute for violation of the unification provisions of the act.

Sections 14 and 15 propose to amend sections 216 (g) and 218 (c), respectively, of said act to permit the Commission to suspend any initial schedule of a common carrier or schedule or contract of a contract carrier filed after the date that the provisions of the bill shall have become effective. The purpose of the proposed amendment is to prevent future filings of initial tariffs and schedules by motor carriers who were in bona fide operation on June 1 or July 1, 1935, without the exercise by the Commission of its suspension power.

Section 16 proposes to amend section 224 of said act to permit the Commission to require the display of identification plates upon all motor vehicles used in transportation subject to the Motor Carrier Act, rather than by limiting the use of plates to such vehicles only as are operated under certificates or permits issued by the Commission. This will permit the Commission to require identification plates to be used by those who are subject to the safety and hours of service provisions of the Motor Carrier Act but who are not required to operate under a certificate or permit. This proposed amendment would affect those classes of carriers only who are exempted from the general provisions of the act but not from the safety and maximum hours of service provisions by section 203 (b) thereof. It would not affect the present status of private carriers by motor vehicle.

The amendments to the bill recommended by the committee are for the following purposes:

The addition of a new section 3 in the bill proposes to amend section 203 (b) (6) of the Motor Carrier Act by striking therefrom the word "exclusively" and inserting at the end of the subsection the words "if such motor vehicles are not used in carrying any other property, or passengers, for hire." The effect of this amendment will be to exempt motor vehicles from the general regulatory provisions of the act if the transportation they perform for hire is confined to the commodities described in the subsection, which will eliminate many troublesome questions now caused by the use of the word "exclusively."

The amendment which proposes the addition of a new subsection to section 9 of the bill would permit the Commission to approve temporarily the operation of the properties of one motor carrier by another in a case where an application for approval of the acquisition is pending, and where the delay in passing on the application might result in injury to the motor-carrier operations or the cessation of service.

The insertion of the words "of not less than 15 days" in section 10 of the bill would require at least that much notice to the carrier prior to a suspension of its operating rights.

The striking of the figure "215" from the same section would remove, as a ground for suspension without hearing, the failure to have insurance policies, surety bonds, or other security for the protection of the public on file with the Commission.

The amendment which proposes the addition of a new section following section 13 is for the purpose of enabling a motor carrier to borrow not less than \$100,000 on short-term notes, without Commission approval. The need for this is mainly in the matter of the purchase of equipment on time, and to enable carriers to finance the annual purchase of license tags from the States.

The date "July 31, 1938" proposed to be inserted in each section 15 and 16 are to fill blanks left in the bill when in-

roduced, and to create a time certain beyond which initial filings of tariffs and schedules may be suspended.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Interstate Commerce Act, as amended, is hereby further amended in part II thereof by amending, as hereinafter indicated, certain provisions of the act entitled "An act to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes," approved August 9, 1935, and known as the Motor Carrier Act, 1935.

Sec. 2. Section 203 (a) (13) of said Motor Carrier Act, 1935, is hereby amended to read as follows:

"(13) The term 'motor vehicle' means any vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power and used upon the highways in the transportation of passengers or property, or any combination thereof determined by the Commission, but does not include any vehicle, locomotive, or car operated exclusively on a rail or rails."

Sec. 3. Section 204 (a) (6) of said act is hereby amended to read as follows:

"(6) To administer, execute, and enforce all provisions of this part, to make all necessary orders in connection therewith, and to prescribe rules, regulations, and procedure for such administration; and"

Sec. 4. The first two sentences of section 205 (a) of said act are hereby amended to read as follows:

"Sec. 205. (a) Excepting a matter which is referred to a joint board as hereinafter provided, any matter arising in the administration of this part as to which a hearing is required or in the judgment of the Commission is desirable shall be heard as the Commission may determine and be decided by the Commission, unless such matter shall, by order of the Commission, be referred to a member or examiner of the Commission for hearing and the recommendation of an appropriate order thereon. With respect to a matter so referred the member or examiner shall have all the rights, duties, powers, and jurisdiction conferred by this part upon the Commission, except that the order recommended by such member or examiner shall be subject to the following provisions of this paragraph."

Sec. 5. (a) So much of the first sentence of section 205 (b) of said act as reads "any of the following matters arising in the administration of this part with respect to such operations" is hereby amended to read as follows: "any of the following matters arising in the administration of this part with respect to such operations as to which a hearing is required or in the judgment of the Commission is desirable."

(b) The last two sentences of said section 205 (b) are hereby amended to read as follows:

"In acting upon matters so referred, joint boards shall be vested with the same rights, duties, powers, and jurisdiction as are herebefore vested in members or examiners of the Commission to whom a matter is referred for hearing and the recommendation of an appropriate order thereon: *Provided, however,* That a joint board may, in its discretion, report to the Commission its conclusions upon the evidence received, if any, without a recommended order. Orders recommended by joint boards shall be filed with the Commission, and shall become orders of the Commission and become effective in the same manner, and shall be subject to the same procedure, as provided in the case of orders recommended by members or examiners under this section. If a joint board to which any matter has been referred shall report its conclusions upon the evidence without a recommended order, such matter shall thereupon be decided by the Commission, giving such weight to such conclusions as in its judgment the evidence may justify."

Sec. 6. Section 205 (f) of said act is hereby amended to read as follows:

"(f) In accordance with rules prescribed by the Commission, reasonable notice shall be afforded, in connection with any proceeding under this part, to interested parties and to the board of any State or to the Governor if there be no board, in which the motor-carrier operations involved in the proceeding are or are proposed to be conducted, and opportunity for intervention in any such proceeding for the purpose of making representations to the Commission or for participating in a hearing, if a hearing is held, shall be afforded to all interested parties."

Sec. 7. Section 206 (a) of said act is hereby amended by striking out "No common carrier" at the beginning and inserting in lieu thereof the following: "Except as otherwise provided in this section and in section 210a, no common carrier."

Sec. 8. Section 209 (a) of said act is hereby amended by striking out "No person" at the beginning of such section and inserting in lieu thereof the following: "Except as otherwise provided in this section and in section 210a, no person."

Sec. 9. After section 210 of said act, the following new section shall be inserted:

"Sec. 210a. (a) To enable the provision of service for which there is an immediate and urgent need to a point or points or within a territory having no carrier service capable of meeting such need, the Commission may, in its discretion and without hearings or other proceedings, grant temporary authority for such service by a common carrier or a contract carrier by motor vehicle, as the case may be. Such temporary authority, unless suspended or revoked for good cause, shall be valid for such time as the Commission shall specify but for not more than agree-

gate of 180 days, and shall create no presumption that corresponding permanent authority will be granted thereafter.

"Transportation service rendered under such temporary authority shall be subject to all applicable provisions of this part and to the rules, regulations, and requirements of the Commission thereunder."

Sec. 10. Section 212 (a) of said act is hereby amended to read as follows:

"Sec. 212. (a) Certificates, permits, and licenses shall be effective from the date specified therein, and shall remain in effect until suspended or terminated as herein provided. Any such certificate, permit, or license may, upon application of the holder thereof, in the discretion of the Commission, be amended or revoked, in whole or in part, or may upon complaint, or on the Commission's own initiative, after notice and hearing, be suspended, changed, or revoked, in whole or in part, for willful failure to comply with any provision of this part, or with any lawful order, rule, or regulation of the Commission promulgated thereunder, or with any term, condition, or limitation of such certificate, permit, or license: *Provided, however,* That no such certificate, permit, or license shall be revoked (except upon application of the holder) unless the holder thereof willfully fails to comply, within a reasonable time, not less than 30 days, to be fixed by the Commission, with a lawful order of the Commission, made as provided in section 204 (d), commanding obedience to the provision of this part, or to the rule or regulation of the Commission thereunder, or to the term, condition, or limitation of such certificate, permit, or license, found by the Commission to have been violated by such holder: *And provided further,* That the right to engage in transportation in interstate or foreign commerce by virtue of any certificate, permit, license, or any application filed pursuant to the provisions of sections 206, 209, or 211, or by virtue of the second proviso of section 206 (a) or temporary authority under section 210a, may be suspended by the Commission, upon reasonable notice to the carrier or broker, but without hearing or other proceedings, for failure to comply, and until compliance, with the provisions of section 211 (c), 215, 217 (a), or 218 (a) or with any lawful order, rule, or regulation of the Commission promulgated thereunder."

Sec. 11. Section 213 (a) (1) of said act is hereby amended to read as follows:

"(1) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under this section, the carrier or carriers or the person seeking authority therefor shall present an application to the Commission, and thereupon the Commission shall, after such notice as is required by section 205 (f), and if deemed by it necessary in order to determine whether the findings specified below may properly be made, set said application down for a public hearing. If the Commission finds that the transaction proposed will be consistent with the public interest and that the conditions of this section have been or will be fulfilled, it may enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon such terms and conditions as it shall find to be just and reasonable and with such modifications as it may prescribe: *Provided, however,* That if a carrier other than a motor carrier is an applicant, or any person which is controlled by such a carrier other than a motor carrier or affiliated therewith within the meaning of section 5 (8) of part I, the Commission shall not enter such an order unless it finds that the transaction proposed will promote the public interest by enabling such carrier other than a motor carrier to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition: *And provided further,* That if an order is entered hereunder without a public hearing, said order shall take effect within such reasonable period as the Commission may fix."

Sec. 12. Section 213 (b) (1) of said act is hereby amended to read as follows:

"(b) (1) It shall be unlawful for any person, except as provided in paragraph (a), to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest of any two or more motor carriers which are not also carriers by railroad, or of one or more such motor carriers and one or more carriers other than motor carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this part and in violation of this paragraph. As used in this paragraph, the words 'control or management' shall be construed to include the power to exercise control or management."

Sec. 13. Section 213 (b) (2) of said act is hereby amended to read as follows:

"(2) In addition to the enforcement procedure provided elsewhere in this part, the Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether any person is violating the provisions of paragraph (b) (1) of this section. If the Commission finds after such investigation that such person is violating the provisions of such paragraph, it shall by order require such person to take such action consistent with the provisions of this part as may be necessary, in the opinion of the Commission, to prevent further violation of such provisions."

Sec. 14. The proviso of section 216 (g) of said act is hereby amended to read as follows:

"Provided, That this paragraph shall not apply to any initial schedule or schedules filed on or before 1938 by any such carrier in bona fide operation when this section takes effect."

Sec. 15. The proviso of section 218 (c) of said act is hereby amended to read as follows:

"Provided, That this paragraph shall not apply to any initial schedule or schedules, or contract or contracts, filed on or before 1938 by any such carrier in bona fide operation when this section takes effect."

Sec. 16. Section 224 of said act is hereby amended to read as follows:

"Sec. 224. The Commission is hereby authorized, under such rules and regulations as it shall prescribe, to require the display of suitable identification plate or plates, upon any motor vehicle used in transportation subject to any of the provisions of this part, to provide for the issuance of such plates, and to receive the payment by such carriers of the reasonable cost thereof. All moneys so collected shall be paid into the Treasury of the United States. Any substitution, transfer, or use of any such identification plate or plates, except such as may be duly authorized by the Commission, is hereby prohibited and shall be unlawful."

With the following committee amendments:

Page 2, after line 10, insert the following:

"Sec. 3. Section 203 (b) (6) of said act is hereby amended to read as follows: '(6) motor vehicles used in carrying property consisting of livestock, fish (including shellfish), or agricultural commodities (not including manufactured products thereof), if such motor vehicles are not used in carrying any other property, or passengers, for compensation;'"

Line 18, strike out "3" and insert "4."

Line 24, strike out "4" and insert "5."

Page 3, line 15, strike out "5" and insert "6."

Page 4, line 17, strike out "6" and insert "7."

Page 5, line 4, strike out "7" and insert "8."

Line 9, strike out "8" and insert "9."

Line 14, strike out "9" and insert "10."

Line 16, after "210a", insert "(a)."

Page 6, after line 2, insert the following:

"(b) Pending the determination of an application filed with the Commission for approval of a consolidation or merger of the properties of two or more motor carriers, or of a purchase, lease, or contract to operate the properties of one or more motor carriers, as contemplated in section 213 (a) of this part, the Commission may, in its discretion, and without hearings or other proceedings, grant temporary approval, for a period not exceeding 180 days, of the operation of the motor carrier properties sought to be acquired by the person proposing in such pending application to acquire such properties, if it shall appear that failure to grant such temporary approval may result in destruction of or injury to such motor carrier properties sought to be acquired, or to interfere substantially with their future usefulness in the performance of adequate and continuous service to the public."

Line 18, at the beginning of the line, insert "(c)."

Line 22, strike out "10" and insert "11."

Page 8, line 2, after the word "notice" insert "of not less than 15 days."

Line 5, strike out "215."

Line 8, strike out "11" and insert "12."

Page 9, line 14, strike out "12" and insert "13."

Page 10, line 7, strike out "13" and insert "14."

After line 19 insert the following:

"Sec. 15. Section 214 of said act is hereby amended to read as follows:

"Sec. 214. Common or contract carriers by motor vehicle, corporations organized for the purpose of engaging in transportation as such carriers, and corporations authorized by order entered under section 213 (a) (1) to acquire control of any such carrier, or of two or more such carriers, shall be subject to the provisions of paragraphs 2 to 11, inclusive, of section 20a of part 1 of this act (including penalties applicable in cases of violations thereof): *Provided, however,* That said provisions shall not apply to such carriers or corporations where the par value of the securities to be issued, together with the par value of the securities then outstanding, does not exceed \$500,000, nor to the issuance of notes of a maturity of 2 years or less and aggregating not more than \$100,000, which notes aggregating such amount including all outstanding obligations maturing in 2 years or less may be issued without reference to the percentage which said amounts bear to the total amount of outstanding securities. In the case of securities having no par value, the par value for the purpose of this section shall be the fair market value as of the date of their issue: *Provided further,* That the exemption in section 3 (a) (6) of the 'Securities Act, 1933', is hereby amended to read as follows: '(6) Any security issued by a common or contract carrier, the issuance of which is subject to the provisions of section 20a of the Interstate Commerce Act, as amended.'"

Page 11, line 22, strike out "14" and insert "16."

Line 25 after the word "before" insert "July 31."

Page 12, line 3, strike out "15" and insert "17."

Line 7, after the word "before" insert "July 31."

Line 9, strike out "16" and insert "18."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OSAGE INDIANS OF OKLAHOMA

Mr. DISNEY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 4036) relating to the tribal and individual affairs of the Osage Indians of Oklahoma.

Mr. SNELL. Reserving the right to object, Mr. Speaker, as I understand, this bill does not take any money out of the Treasury, but relates simply to a difference in the distribution.

Mr. DISNEY. The Osage Indians never take a dime out of the Treasury.

Mr. SNELL. I would not quite agree to that.

Mr. DISNEY. No; they do not.

Mr. SNELL. This bill relates simply to a difference in the distribution?

Mr. DISNEY. Yes; and to some administrative features of the tribal affairs.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That hereafter the Secretary of the Interior shall cause to be paid to each adult member of the Osage Tribe of Indians not having a certificate of competency his or her pro rata share, either as a member of the tribe or heir or devisee of a deceased member, of the interest on trust funds, the bonus received from the sale of oil or gas leases, and the royalties therefrom received during each fiscal quarter, not to exceed \$1,000 per quarter; and if such adult member has a legal guardian, his current income not to exceed \$1,000 per quarter may be paid to such legal guardian in the discretion of the Secretary of the Interior: *Provided,* That when an adult restricted Indian has surplus funds in excess of \$10,000 there shall be paid such Indian sufficient funds from his accumulated surplus in addition to his current income to aggregate \$1,000 quarterly; but in the event any adult restricted Indian has surplus funds of less than \$10,000, such Indian shall receive quarterly only his current income not to exceed \$1,000 per quarter: *Provided further,* That when the accumulated funds to the credit of any restricted Osage Indian are less than \$10,000 the Secretary of the Interior may, in his discretion, pay out of any moneys heretofore accrued or hereafter accruing to the credit of any person of Osage Indian blood who does not have a certificate of competency or is otherwise restricted by operation of law, all or any part of such person's taxes of every kind and character for which such person is now or hereafter may be liable, before paying to or for such person any funds as otherwise required or permitted by law: *And provided further,* That upon application and consent of any restricted Osage Indian the Secretary of the Interior may cause payment to be made of additional funds from the accumulated surplus to the credit of any Osage Indian under such rules and regulations as he may prescribe. Rentals due such adult members from their lands and their minor children's lands and all income from such adults' investments, including interest on deposits to their credit, shall be paid to them in addition to the current allowances above provided.

Whenever minor members of the Osage Tribe of Indians have funds or property subject to the control or supervision of the Secretary of the Interior, the said Secretary may, in his discretion, pay or cause to be paid to the parents, legal guardian, or any person, school, or institution having actual custody of such minors such amounts out of the income or funds of the said minors as he deems necessary, and when such a minor is 18 years of age or over, the Secretary of the Interior may, in his discretion, cause disbursement of funds for support and maintenance or other specific purposes to be made direct to such minor.

Sec. 2. That that part of section 1 of an act of Congress of February 27, 1925 (43 Stat. L. 1008), providing that—

"The Secretary of the Interior shall invest the remainder, after paying the taxes of such members, in United States bonds, Oklahoma State bonds, real estate, first-mortgage real-estate loans not to exceed 50 percent of the appraised value of such real estate, and where the member is a resident of Oklahoma such investment shall be in loans on Oklahoma real estate, stock in Oklahoma building and loan associations, livestock, or deposit the same in banks in Oklahoma, or expend the same for the benefit of such member, such expenditures, investments, and deposits to be made under such restrictions, rules, and regulations as he may prescribe: *Provided,* That the Secretary of the Interior shall not make any investment for an adult member without first securing the approval of such member of such investment," be, and hereby is, amended to read as follows:

"Hereafter the Secretary of the Interior in his official capacity may invest the accumulated funds to the credit of restricted members of the Osage Tribe, after paying taxes of such members, in any

public-debt obligation of the United States and in any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States. With the consent of adult Indians the Secretary of the Interior may purchase real estate and livestock, such expenditures and investments to be made under such rules and regulations as the Secretary may prescribe."

SEC. 3. That any Osage Indian of the age of 21 years or over, restricted in his property rights by the terms of this or any other act, may file with the superintendent or other official in charge of the Osage Indian Agency a declaration of trust, designating therein the Secretary of the Interior as trustee of the restricted properties described in such declaration of trust, and may therein designate such members of his family or others as beneficiaries of the trust, and prescribe the manner of distribution of the income therefrom and of the corpus thereof upon termination of the trust. Such trusts may be made in such amounts, for such periods of time, and for such purposes as the Secretary of the Interior may approve as being for the best interests of the Indians concerned therein: *Provided, however*, That no such trust shall be made for a term extending for more than 21 years after the death of the last surviving beneficiary named therein, and any such trust approved by the Secretary of the Interior shall be irrevocable except with the approval of the Secretary of the Interior: *Provided further*, That funds held by the Secretary of the Interior in trust, as provided in this section, shall be invested in any public-debt obligation of the United States and in any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States.

SEC. 4. There is authorized to be expended from funds on deposit to the credit of the Osage Tribe of Indians not to exceed \$10,000 annually to pay per diems to and traveling expenses of the members of the Osage Tribal Council in making necessary trips to the city of Washington and other places in connection with Osage tribal affairs. Expenditures from appropriations made pursuant to this authorization shall be in accordance with rules and regulations to be prescribed by the Secretary of the Interior.

With the following committee amendment:

Page 1, line 3, strike out all after the enacting clause and insert the following:

"That hereafter the Secretary of the Interior shall cause to be paid to each adult member of the Osage Tribe of Indians not having a certificate of competency his or her pro rata share, either as a member of the tribe or heir or devisee of a deceased member, of the interest on trust funds, the bonus received from the sale of oil or gas leases, and the royalties therefrom received during each fiscal quarter, not to exceed \$1,000 per quarter; and if such adult member has a legal guardian, his current income not to exceed \$1,000 per quarter may be paid to such legal guardian in the discretion of the Secretary of the Interior: *Provided*, That when an adult restricted Indian has surplus funds in excess of \$10,000 there shall be paid such Indian sufficient funds from his accumulated surplus in addition to his current income to aggregate \$1,000 quarterly; but in the event of any adult restricted Indian has surplus funds of less than \$10,000, such Indian shall receive quarterly only his current income not to exceed \$1,000 per quarter: *Provided further*, That the Secretary of the Interior is hereby authorized to and may in his discretion pay out of any money heretofore accrued or hereafter accruing to the credit of any person of Osage Indian blood who does not have a certificate of competency or who is one-half or more Osage Indian blood, all of said person's taxes of every kind and character, for which said person is now or hereafter may be liable, before paying to or for such person any funds as required by law: *And provided further*, That upon application and consent of any restricted Osage Indian the Secretary of the Interior may cause payment to be made of additional funds from the accumulated surplus to the credit of any Osage Indian under such rules and regulations as he may prescribe. Rentals due such adult members from their lands and their minor children's lands and all income from such adults' investments, including interest on deposits to their credit, shall be paid to them in addition to the current allowances above provided.

Whenever minor members of the Osage Tribe of Indians have funds or property subject to the control or supervision of the Secretary of the Interior, the said Secretary may in his discretion pay or cause to be paid to the parents, legal guardian, or any person, school, or institution having actual custody of such minors, such amounts out of the income or funds of the said minors as he deems necessary, and when such a minor is 18 years of age or over, the Secretary of the Interior may in his discretion cause disbursement of funds for support and maintenance or other specific purposes to be made direct to such minor.

SEC. 2. There is authorized to be appropriated from funds on deposit to the credit of the Osage Tribe of Indians not to exceed \$10,000 annually to pay per diems to, and traveling expenses of, the members of the Osage Tribal Council in making necessary trips to the city of Washington and other places in connection with Osage tribal affairs. Expenditures from appropriations made pursuant to this authorization shall be in accordance with rules and regulations to be prescribed by the Secretary of the Interior.

SEC. 3. That section 1 of the act of Congress of March 2, 1929 (45 Stat. L. 1478), relating to the Osage Indians of Oklahoma, be, and the same is hereby, amended to read as follows:

"That all that part of the act of June 28, 1906 (34 Stat. L. 539), entitled 'An act for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes', which reserves to the Osage Tribe the oil, gas, coal, or other minerals,

covered by the lands for the selection and division of which provision is made in that act is hereby amended so that the oil, gas, coal, or other minerals, covered by said lands are reserved to the Osage Tribe, until the 8th day of April 1983, unless otherwise provided by act of Congress, and all royalties and bonuses arising therefrom shall belong to the Osage Tribe of Indians, and shall be disbursed to members of the Osage Tribe or their heirs or assigns as now provided by law, after reserving such amounts as are now or may hereafter be authorized by Congress for specific purposes.

"The lands, moneys, and other properties now or hereafter held in trust or under the supervision of the United States for the Osage Tribe of Indians, the members thereof, or their heirs and assigns, shall continue subject to such trusts and supervision until January 1, 1984, unless otherwise provided by act of Congress.

"The Secretary of the Interior and the Osage tribal council are hereby authorized and directed to offer for lease for oil, gas, and other mining purposes any unleased portion of said land in such quantities and at such times as may be deemed for the best interest of the Osage Tribe of Indians: *Provided*, That not less than 25,000 acres shall be offered for lease for oil- and gas-mining purposes during any one year: *Provided further*, That as to all lands hereafter leased, the regulations governing same and the leases issued thereon shall contain appropriate provisions for the conservation of the natural gas for its economic use, to the end that the highest percentage of ultimate recovery of both oil and gas may be secured: *Provided, however*, That nothing herein contained shall be construed as affecting any valid existing lease for oil or gas or other minerals, but all such leases shall continue as long as gas, oil, or other minerals are found in paying quantities.

"Homestead allotments of Osage Indians not having a certificate of competency shall remain exempt from taxation while the title remains in the original allottee of one-half or more of Osage Indian blood and in his unallotted heirs or devisees of one-half or more of Osage Indian blood until January 1, 1984: *Provided*, That the tax-exempt land of any such Indian allottee, heir, or devisee shall not at any time exceed 160 acres."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MODOC, SHASTA, AND LASSEN NATIONAL FORESTS, CALIF.

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7688) to authorize the addition of certain lands to the Modoc, Shasta, and Lassen National Forests, Calif., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

Mr. SNELL. Reserving the right to object, Mr. Speaker, as I understand, the gentleman from Louisiana has four small bills here and he is asking the House to concur in the Senate amendments. They are not very important amendments, just minor ones.

Mr. DEROUEN. The gentleman's statement is correct.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 2, line 6, after "withdrawals", insert "*Provided*, That any lands received in exchange or purchased under the provisions of this act shall be open to mineral locations, mineral development, and patent, in accordance with the mining laws of the United States."

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

SHASTA AND KLAMATH NATIONAL FORESTS, CALIF.

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7689) to authorize the addition of certain lands to the Shasta and Klamath National Forests, Calif., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 2, line 6, after "withdrawals", insert "*Provided*, That any lands received in exchange or purchased under the provisions of this act shall be open to mineral locations, mineral development, and patent, in accordance with the mining laws of the United States."

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PLUMAS, TAHOE, AND LASSEN NATIONAL FORESTS, CALIF.

Mr. DEROUEN. Mr. Speaker, I move to take from the Speaker's desk the bill (H. R. 7690) to authorize the addition of certain lands to the Plumas, Tahoe, and Lassen National Forests, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 2, line 6, after "withdrawals", insert "Provided, That any lands received in exchange or purchased under the provisions of this act shall be open to mineral locations, mineral development, and patent, in accordance with the mining laws of the United States."

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

ISLE ROYALE NATIONAL PARK

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7826) to make available for national-park purposes certain lands within the boundaries of the proposed Isle Royale National Park, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the Senate amendment, as follows:

Lines 4 and 5, strike out "or which hereafter may be allocated and made available."

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

HAWAII NATIONAL PARK

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1995) to add certain lands on the island of Hawaii to the Hawaii National Park, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none, and, without objection, appoints the following conferees, Messrs. DEROUEN, ROBERTSON, and ENGLEBRIGHT.

There was no objection.

FISH HATCHERY BILL

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 10650) to provide for a modified 5-year building program for the United States Bureau of Fisheries, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, after "\$75,000", insert "Georgia, \$75,000."

Page 2, line 13, after "\$25,000", insert "Lyman, Miss., \$35,000."

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE MISSISSIPPI RIVER NEAR WINONA, MINN.

Mr. ANDRESEN of Minnesota. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 10866) authorizing the States of Minnesota and Wisconsin, jointly or separately, to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Winona, Minn.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes the States of Minnesota and Wisconsin, jointly or separately, be, and are hereby, authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Mississippi River at a point suitable to the interests of navigation, at or near Winona, Minn., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

Sec. 2. There is hereby conferred upon the States of Minnesota and Wisconsin, jointly or separately, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

Sec. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. PACE. Mr. Speaker, I ask unanimous consent that in the extension of my remarks made earlier in the day I may be permitted to include some tables showing the distribution of agricultural relief funds.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include a speech delivered on Armistice Day, November 11, 1937, by Hon. Herbert S. Phillips, United States Attorney for the Southern District of Florida, at Bradenton, Fla.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein an address delivered by W. G. Hankins, Past Department Commander, United Spanish War Veterans, on McKinley's birthday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SEGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including therein an address by the Past Commander of the Spanish-American War Veterans on Memorial Day in Passaic, N. J.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a statement which I made before the House Committee on Merchant Marine and Fisheries.

The SPEAKER. Is there objection to the request of the Delegate from Alaska?

There was no objection.

Mr. SCOTT. Mr. Speaker, I ask unanimous consent that in the extension of my remarks made this morning I may include a resolution adopted yesterday by one of the churches in the District of Columbia and a short statement on that resolution.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. STACK (at the request of Mr. GRAY of Pennsylvania), indefinitely, on account of illness.

To Mr. MITCHELL of Tennessee (at the request of Mr. TURNER), for 10 days, on account of important business.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. J. Res. 300. Joint resolution to create a temporary national economic committee; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 738. An act for the relief of Asa C. Ketcham;

H. R. 1543. An act to amend section 24 of the Immigration Act of 1917, relating to the compensation of certain Immigration and Naturalization Service employees, and for other purposes;

H. R. 2904. An act for the relief of officers and soldiers of the volunteer service of the United States mustered into service of the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899;

H. R. 4258. An act for the relief of Barbara Jean Matthews, a minor;

H. R. 7764. An act to authorize the sale of surplus power developed under the Uncompahgre Valley reclamation project, Colorado;

H. R. 9258. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain land in the city of Los Angeles, Calif., with improvements thereon;

H. R. 10298. An act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes;

H. R. 10536. An act authorizing the United States Maritime Commission to sell or lease the Hoboken Pier Terminals, or any part thereof, to the city of Hoboken, N. J.;

H. J. Res. 683. Joint resolution to provide for a floor-stock tax on distilled spirits, except brandy; and

H. J. Res. 688. Joint resolution creating the Niagara Falls Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Niagara River at or near the city of Niagara Falls, N. Y.

ADJOURNMENT

Mr. LEA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 33 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 14, 1938, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1426. A letter from the Joint Committee on Internal Revenue Taxation, transmitting a report of the Joint Committee on Internal Revenue Taxation, pursuant to section 710 of the Revenue Act of 1928 and report of the staff of the joint committee to the committee (H. Doc. No. 706); to the Committee on Ways and Means and ordered to be printed, with illustrations.

1427. A letter from the Administrator, Veterans' Administration, transmitting a draft of a proposed bill to provide for the vesting of title and disposition of personal property left or found upon premises used as Veterans' Administration facilities; and for other purposes; to the Committee on World War Veterans' Legislation.

1428. A letter from the Chairman of the Securities and Exchange Commission, transmitting a preliminary report of its study of investment trusts and investment companies made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 707); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR of New York: Committee on Rules. House Resolution 530. Resolution providing for the consideration of H. R. 10250, a bill to amend an act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908 (U. S. C., title 45, sec. 51); without amendment (Rept. No. 2741). Referred to the House Calendar.

Mr. SMITH of Washington: Committee on Pensions. H. R. 8434. A bill to provide pensions for dependents of deceased veterans who died as a result of the sinking of the U. S. S. *Maine*; with amendment (Rept. No. 2744). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 10895. A bill to amend an act of Congress approved August 16, 1937, relating to death damage claims in the cases of Marshall Campbell and Raymond O'Neal; with amendment (Rept. No. 2739). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 10527. A bill for the relief of the American National Bank, of Kalamazoo, Mich.; without amendment (Rept. No. 2740). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 10906. A bill for the relief of sundry claimants, and for other purposes; without amendment (Rept. No. 2742). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H. R. 10900) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. COLLINS: A bill (H. R. 10901) granting a pension to widows and dependent children of World War veterans; to the Committee on Pensions.

By Mr. NELSON: A bill (H. R. 10902) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. COLLINS: A bill (H. R. 10903) granting pensions and other benefits to veterans and former service men, and for other purposes; to the Committee on Pensions.

By Mr. CARTER: A bill (H. R. 10904) to amend the Emergency Farm Mortgage Act with respect to loans to drainage, levee, and irrigation districts; to the Committee on Agriculture.

By Mr. MAY (by request): A bill (H. R. 10905) to amend and clarify the provisions of the act of June 15, 1936 (49 Stat. 1507), and for other purposes; to the Committee on Military Affairs.

By Mr. RANKIN: A bill (H. R. 10907) to provide for the vesting of title and the disposition of personal property left or found upon premises used as Veterans' Administration facilities; and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. CHANDLER: A bill (H. R. 10908) to change the name of "Pickwick Landing Dam" to "McKellar Dam"; to the Committee on Military Affairs.

By Mr. LESINSKI: A bill (H. R. 10909) granting pensions and increase of pensions to widows, former widows, and children of certain soldiers, sailors, and marines of the Civil War, and for other purposes; to the Committee on Invalid Pensions.

By Mr. GEARHART: A bill (H. R. 10910) to authorize construction of the Pine Flat Reservoir on the King's River in California as a Federal reclamation project, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. SCOTT: A bill (H. R. 10911) to further amend section 3 of the act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limit prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes," approved March 27, 1934 (48 Stat. 505), as amended by the act of June 25, 1936 (49 Stat. 1926; 34 U. S. C., sec. 496); to the Committee on Naval Affairs.

By Mr. KOPPLEMANN: A bill (H. R. 10912) to take the profit out of war by steeply graduated income and other taxes in order to provide for the national defense, promote peace, to inform taxpayers of war costs, and for other purposes; to the Committee on Ways and Means.

By Mr. BLAND: Resolution (H. Res. 531) providing for the expenses of the investigation and study by the Committee on Merchant Marine and Fisheries under the authority of House Resolution 498; to the Committee on Accounts.

By Mr. TOWEY: Joint resolution (H. J. Res. 717) to create a joint congressional committee to investigate the enforcement of the food and drug laws; to the Committee on Rules.

By Mr. SCOTT: Joint resolution (H. J. Res. 718) creating a special joint congressional committee to make an investigation of the proposal to establish an airport at Camp Springs, Md.; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. ECKERT introduced a bill (H. R. 10913) for the relief of Tarquin Marziano, which was referred to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5351. By Mr. WIGGLESWORTH: Petition of the Yankee Division Veterans' Association, urging the erection of a veterans' hospital in Rhode Island; to the Committee on Public Buildings and Grounds.

5352. By the SPEAKER: Petition of the Board of Supervisors of Tulare County, State of California, petitioning consideration of their resolution with reference to the General Welfare Act (H. R. 4199); to the Committee on Ways and Means.

5353. Also, petition of A. A. of I. S. and T. W. of N. A., Local No. 1105, petitioning consideration of the petition with reference to the National Labor Relations Act; to the Committee on Labor.

SENATE

TUESDAY, JUNE 14, 1938

(Legislative day of Tuesday, June 7, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 13, 1938, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, informed the Senate that, pursuant to the provisions of House Concurrent Resolution 53, Seventy-fifth Congress, the Speaker had appointed Mr. CROWE, Mr. CROSSER, Mr. FRIES, and Mr. WADSWORTH members of the joint committee to attend the celebration of the one hundredth anniversary of the birth of John Hay.

The message announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 2819. An act to create a Committee on Purchases of Blind-made Products, and for other purposes;

S. 3754. An act to amend sections 729 and 743 of the Code of Laws for the District of Columbia;

S. 3846. An act relating to the levying and collecting of taxes and assessments, and for other purposes;

S. 3929. An act to authorize the Legislature of Puerto Rico to create public corporate authorities to undertake slum clearance and projects, to provide dwelling accommodations for families of low income, and to issue bonds therefor; to authorize the legislature to provide for financial assistance to such authorities by the government of Puerto Rico and its municipalities, and for other purposes;

S. 4024. An act authorizing advancements from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes; and

S. J. Res. 308. Joint resolution to prescribe the acreage allotments for wheat for 1939.

The message also announced that the House had passed the bill (S. 4036) relating to the tribal and individual affairs of the Osage Indians of Oklahoma, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 3694) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Sigfried Speyer, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 5) to prevent the adulteration, misbranding, and false advertisement of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes.

The message further announced that the House had severally agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendment of the Senate to each of the following bills of the House:

H. R. 2711. An act to create a Division of Water Pollution Control in the United States Public Health Service, and for other purposes;

H. R. 6246. An act to provide for placing educational orders to familiarize private manufacturing establishments with the production of munitions of war of special or technical design, noncommercial in character; and

H. R. 7158. An act to except yachts, tugs, towboats, and unrigged vessels from certain provisions of the act of June 25, 1936, as amended.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10594) to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY of Virginia, and Mr. MAAS were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendments of the Senate numbered 2 and 3 to the bill (H. R. 6586) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes, each with an amendment, in which it requested the concurrence of the Senate, and that the House had disagreed to the amendment of the Senate numbered 1.

The message also announced that the House had severally agreed to the amendment of the Senate to each of the following bills of the House: